PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 521 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-NINTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2010–2011

COMPRISING PERIOD
10 January 2011 – 21 January 2011

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ISBN 978 0 215 53665 5

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PRINCIPAL ENGINEER—Keith Gregory
PRINCIPAL SURVEYOR—Jon Prew
ASSET MANAGER—Andrew Geehan
ESTATES ARCHIVIST AND HISTORIAN—Mark Collins, PhD

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BANQUETING OFFICE MANAGER—Jason Bonello
SENIOR EVENTS OFFICER—Jon Greenhalgh
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COMPTROLLER AND AUDITOR GENERAL—Amyas Morse
PARLIAMENTARY AND HEALTH SERVICE OMBUDSMAN—Ann Abraham

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 18 MAY 2010]

FIFTY-NINTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 521**

TWELFTH VOLUME OF SESSION 2010-2011

House of Commons

Monday 10 January 2011

The House met at half-past Two o'clock

PRAYERS

[Mr Speaker *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Work Programme

1. **Elizabeth Truss** (South West Norfolk) (Con): What progress he has made on contracting arrangements for the Work programme. [32642]

10. **Jeremy Lefroy** (Stafford) (Con): What progress he has made on contracting arrangements for the Work programme. [32651]

15. **Sarah Newton** (Truro and Falmouth) (Con): What progress he has made on contracting arrangements for the Work programme. [32657]

The Minister of State, Department for Work and Pensions (Chris Grayling): Happy new year, Mr Speaker. We published the full invitation to tender for the Work programme shortly before Christmas. Would-be bidders have until early February to submit their bids and we remain on track to launch the Work programme in the summer.

Elizabeth Truss: Downham Market has a community payback scheme that was initiated by volunteers. How will the community payback scheme fit with the Work programme, in which those volunteers are keen to get involved, as well as with voluntary work in my constituency?

Chris Grayling: That is an important point because many of those who go on to the Work programme will be former offenders or, in some cases, people going through community payback who are on welfare. I am in close contact with my colleagues in the Department for Justice and we are working together to try to ensure that we integrate their work on rehabilitating offenders with our work to get former offenders back into work.

Jeremy Lefroy: In my constituency of Stafford, a number of local voluntary organisations and social enterprises are committed to getting people back into work. What assurances can the Minister give us that they will be taken into account when it comes to awarding the sub-contracts under the main contractors?

Chris Grayling: My hon. Friend makes an important point. We are very clear that we want to see small local community, voluntary sector, social enterprise and private sector groups having the opportunity to work alongside major contractors in the Work programme. We have been very clear to would-be prime contractors that if they do not bring together a consortium of smaller organisations that demonstrate the breadth of skills necessary to deliver support to all the different groups that will be helped under the Work programme, they will not be successful in their bids. That is of paramount importance.

Sarah Newton: I very much welcome the assurances we have received from the Minister about the small-scale organisations that are being brought in to the larger contracting. What assurances can he give my constituents and others in Cornwall who benefit from EU convergence funding that the locally identified priorities under that programme and the excellent work that has been done to get hard-to-reach groups of people back into work will continue and will benefit from the Work programme?

Chris Grayling: I can absolutely give my hon. Friend that assurance. At the moment, we are considering the next phase of the European social fund contracting. I am absolutely clear—indeed, the objectives of the scheme make it clear—that it must sit alongside the Work programme as part of a drive to help some of those who are furthest from the workplace to make the move back into work and to lift them out of poverty. That will remain a priority for us.

Chris Leslie (Nottingham East) (Lab/Co-op): Is not the Work programme undermined from the outset by the cuts that the Minister is making to the child care component of the working tax credit, which will hit families in my constituency to the tune of some £500 a year? Why is he instituting such a disincentive to work?

Chris Grayling: The hon. Gentleman has to remember the financial mess his Government left behind. If we do not sort out the deficit and create a stable economic environment in this country, there will not be secure jobs in the future. That is and will remain our No. 1 priority.

Mr Chuka Umunna (Streatham) (Lab): On Thursday, I visited my borough's alcohol and drugs service and spoke to service users and providers. One of the biggest problems found by people who have a history of misuse is moving from treatment into work. I hope that the Work programme will address that, particularly given the issues that I have been told that they have with Jobcentre Plus. We are told that the pricing system in the new programme will reward providers who help those who are hardest to reach. Will that pricing structure account for those with a history of alcohol and drug misuse?

Chris Grayling: The simple answer to that question is yes, it will. The hon. Gentleman makes a very important point and I want to refer to one other dimension of the issue. A key point is giving those people opportunities to volunteer while claiming benefit. Volunteering can be an extremely important part of the pathway from a long-term problem into work. We have changed the guidance for Jobcentre Plus and will proactively promote volunteering opportunities to those who face those challenges in the hope that we will help them take that extra step on the way.

Stephen Timms (East Ham) (Lab): Just before Christmas, the all-party Select Committee on Work and Pensions—may I be the first to congratulate its Chair, my hon. Friend the Member for Aberdeen South (Dame Anne Begg), on her well deserved honour in the new year's list?—warned of a looming gap between the future jobs fund closing to new referrals of young people at the end of March and the start of the Work programme in June. In an article this morning, the Secretary of State, commenting on rising youth unemployment, promised that

"the programmes we inherited will remain in place until we replace them later this year."

Can we therefore take it that referrals to the future jobs fund will continue until June?

Chris Grayling: I start by offering my congratulations to the hon. Member for Aberdeen South (Dame Anne Begg). There are moments when awards are acclaimed in all parts of the House, and hers certainly has been.

We have already extended the contracts for all the legacy programmes, which people will take advantage of until June. There will be people on the future jobs fund in the new financial year, and we are working through the detail of the transition for the final few weeks before people join the Work programme. Obviously, some people will be referred for a short period before the start of the Work programme, and we will negotiate with the would-be contractors to ensure a smooth transition. Our goal is to ensure that there is proper continuity for all those who need specialist support.

Pensioner Income

2. **Gregg McClymont** (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): What assessment his Department has made of the effects of changes to prices in January 2011 on the incomes of pensioners. [32643]

The Minister of State, Department for Work and Pensions (Steve Webb): In April this year, benefits and pensions will be increased by more than £4 billion, more than three quarters of which will go to pensioners. In addition, price rises in January 2011 will feed through into the September 2011 price indices, which will be used in future benefit uprating.

Gregg McClymont: Pensioners on fixed incomes will be among the hardest hit by the Government's VAT rise. Will the Minister confirm that the VAT hike will mean that pensioners are worse off in 2011 under this Government than they would have been under the previous Government's plans?

Steve Webb: I am grateful to the hon. Gentleman for referring to the previous Government's plans. In his constituency, vulnerable pensioners, vulnerable disabled people and vulnerable families with young children received four or five cold weather payments this winter to help them with their fuel bills in January 2011. His policy, and the plans that we inherited, would have reduced those payments to £8.50 a week. We have paid £25 a week four or five times to vulnerable pensioners in his constituency.

Rachel Reeves (Leeds West) (Lab): I will give the Minister another try: will he accept that with pensioners set to pay an extra £217 in 2011 because of the VAT rise, the basic state pension rising by only the same amount as planned by the previous Government and now news that the Department for Work and Pensions and the Treasury cannot agree the £140 flat-rate pension that he has extolled, pensioners have very little to look forward to in 2011 but a lot to fear?

Steve Webb: The hon. Lady used to be an economist, so I would not dream of suggesting that any of the figures that she has quoted are in the slightest bit dodgy. She will be aware that colleagues at Her Majesty's Treasury have calculated that the impact of the VAT rise for each percentage point increase is just less than £1 a week for single pensioners. The 2.5% increase will cost pensioners £2.50 a week, which compares with our £4.50 pension increase this April, and there will be additional increases in 2012 because of the VAT rise, so I dispute her figures.

Jobseeker's Allowance

3. **Mrs Siân C. James** (Swansea East) (Lab): What sanctions will be applied to jobseeker's allowance claimants who fail to find work within the period set by his Department. [32644]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): There is no time limit on entitlement to income-based jobseeker's allowance. I remind the hon. Lady that the conditions that pertain to withdrawal of benefit are that individuals must be available for work and seeking work, and they have to sign up to an agreement. If they continually refuse to do any of that, that is when the sanctions come in.

Mrs James: I am aware that those sanctions will be applied after a decision by the independent decision maker. What reassurances can the Minister give me about the role of the independent decision maker and the criteria that will be used? I am particularly concerned about the appeal process, because, as one can imagine, mistakes can be made and there should be a right of appeal. I am keen that that right is open to anybody who is sanctioned in that way.

Mr Duncan Smith: We will strengthen the role of the independent decision maker to ensure that decisions are made for the right reasons. The hon. Lady can rest assured that we will ensure that is the case. If she has any concerns, she should raise them with us, and if she has any thoughts, we are open to dispute.

Tony Baldry (Banbury) (Con): Does the Secretary of State agree that one implication of this question is that jobs are not available in the marketplace? Just before Christmas, we conducted a survey in my constituency, where there were more than 700 job vacancies. People from Swansea are as welcome to take up those job vacancies as people from anywhere else in the country.

Mr Duncan Smith: My hon. Friend is right. Over the past nine months, we have seen a huge increase in part-time work with more than 400,000 new jobs. *[Interruption.]* The answer to Labour Members is that jobs are being created even though we are coming out of a recession, which was brought on by their policies.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): The Secretary of State's colleague, the Under-Secretary of State for Business, Innovation and Skills, the hon. Member for Kingston and Surbiton (Mr Davey), has said of the Government's plans for the long-term unemployed:

"You have been unemployed for 12 months, you are passing the actively seeking work test...we are/the Government is saying that your housing benefit will be cut by 10% just because you have been unemployed for 12 months. I don't understand why. You are on the breadline, you've been trying to look for work, you're passing all the Government tests and you're suddenly going to have your rent, which is your highest cost—your help with that—taken down by 10%. No logic behind that whatsoever."

Can the right hon. Gentleman tell the House with which part of that statement he disagrees?

Mr Duncan Smith: The reality is that the coalition—I emphasise coalition—position is that we will withdraw some of that money, 10%, before the 12 month point. The point about the 12-month stage is that more than 90% of all those seeking work will be in work by that point. That gives us an opportunity to make sure that those who are having the greatest difficulty can be properly reassessed, and if there are particular problems, they can be dealt with. It also acts as a spur and incentive to others who are not exactly playing the game in line with the question asked by the hon. Member for Swansea East (Mrs James). On balance, I think the coalition will find that the policy will work very well.

Mr Alexander: I listened with care to that answer, but given that the number of people who have been unemployed for more than 12 months, on the broader measure, went up by 41,000 in the most recent figures, can the right hon. Gentleman tell us whether the Business Minister is the only member of the coalition who thinks that the present proposals are "unsupportable"?

Mr Duncan Smith: That is like my asking whether the right hon. Gentleman's leader and his shadow Chancellor agree on everything, which I do not think they do. The coalition has a clear statement of policy and that policy exists. The reality of that policy is exactly as he has been debating and I would not trouble him to find out exactly what he agrees with his leader about after this morning's statement that his side apparently now agree with most of the changes we are making.

Disabled Jobseekers

4. **Jane Ellison** (Battersea) (Con): What recent representations he has received on his plans to help disabled jobseekers into work. [32645]

11. **Mr David Evennett** (Bexleyheath and Crayford) (Con): What recent representations he has received on his plans to help disabled jobseekers into work. [32652]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): The coalition Government have an ongoing commitment to co-production, which involves disabled people in how our policies develop. The Government also regularly meet charities and voluntary organisations to discuss new policy ideas. For example, Mind, Mencap and the National Autistic Society are working with Professor Harrington as part of the independent review of the work capability assessment. On 2 December 2010, I also announced an independent review into specialist employment support for disabled people led by Liz Sayce, the chief executive of RADAR—the Royal Association for Disability Rights.

Jane Ellison: I thank the Minister for that response. One of my disabled constituents uses the access to work travel assistance, which has helped him into a full-time job, but he finds the monthly form-filling quite onerous and believes that his case is handled by several different people. Does the Minister have any plans to streamline the system and reduce the burden of paperwork on disabled people, perhaps by putting some of it online?

Maria Miller: I thank my hon. Friend for that question and underline the Government's commitment to access to work. The monthly claim form is kept as simple as possible but we really have to make sure that we are protecting public funds, so we require confirmation that

a customer has been in work during the month and any receipts. We must also make sure that we have a confirming signature. Such documents would go straight to one of our payments team and would, I hope, be dealt with quickly, with the payment being made directly into the customer's bank account. If my hon. Friend's constituent is having particular problems, I advise her perhaps to seek further help at Jobcentre Plus. We understand the importance of refining the administration of access to work. That is why we have introduced the pre-employment eligibility letter—to give individuals assurance about their eligibility for access to work funding when they are looking for a job, not just after they have secured it.

Mr Evennett: I thank the Minister for her response and commend the work she is doing in this field. Voluntary organisations in my borough of Bexley are very keen to assist the disabled into work and many are already doing so. What more can the Government do to help utilise the talent and skills of disabled people in the work force?

Maria Miller: I thank my hon. Friend for his question and I absolutely endorse his wish to have more local organisations involved in helping to get disabled people back into work. I know that through the Work Choice programme that we launched last year we already have Scope and the Shaw Trust actively working in his constituency in providing support for disabled people. I encourage him to ask more of his local organisations to get involved in that and other schemes.

Kate Green (Stretford and Urmston) (Lab): The Minister will be aware that anyone who has come off incapacity benefit to move into work in the past two years was promised a two-year linking period, during which they could return to the benefit at the original rate. The new employment and support allowance conversion regulations, which are due to take effect next month, remove that protection, and those returning to work will be required to return to the ESA at the assessment rate for the first 13 weeks. Will the Minister urgently reconsider those new regulations, and their impact on a small number of benefit claimants who appear to have been affected by the backtracking on a commitment on which many of them had relied?

Maria Miller: The hon. Lady brings up a very detailed point, and I should be very pleased to look at it with her separately, but I should underline the fact that in all the changes we are making, we want to make sure that we are judging disabled people on what they can do, not what they cannot, and we want to make sure that more disabled people are able to get back into work. At the moment, 50% of disabled people work, and many more want to, with the right support.

Ian Paisley (North Antrim) (DUP): The Minister will be aware that the employment and support allowance has largely superseded incapacity benefit. In week 11, the claimant is assessed by a medical board. What plans does the Minister have to involve a claimant's GP in future assessments, so that we can ensure that they are more accurate, as opposed to being a snapshot at week 11?

Maria Miller: I can assure the hon. Gentleman that the decision maker will have access to all the medical records of any individual involved in that sort of process.

Enterprise Allowance

5. **Andrew Bridgen** (North West Leicestershire) (Con): What recent progress he has made on the introduction of the enterprise allowance. [32646]

The Minister of State, Department for Work and Pensions (Chris Grayling): I am pleased to say that last week we announced that the new enterprise allowance would expand to become a nationwide scheme from next autumn. It will first be launched in Merseyside in about three weeks' time, and it will be rolled out across those parts of the country that have a particular unemployment challenge from spring onwards.

Andrew Bridgen: I welcome the fact that the enterprise allowance scheme, which had such a positive effect in the 1980s, is being reinstated. However, I have a concern about the eligibility criteria: one has to have been unemployed for six months or more to be eligible. The National Audit Office noted in the 1980s that the longer someone spent on unemployment benefit before going into self-employment, the less successful that tended to be. Given that, will the Minister consider reducing that time and allowing people who have been unemployed for less than six months to go on to the scheme?

Chris Grayling: I would very much like to improve the support that we provide, but obviously we have to do that in the context of the finances that we have inherited from the Opposition. The big difference that the new scheme will make is that it will also take advantage of the expertise of existing business people. I hope that my hon. Friend, who has a strong track record in business, will look to become a mentor for one of the new business people. That is an important difference from the previous scheme; the new scheme offers both financial and practical support, and not just financial support.

Mr Denis MacShane (Rotherham) (Lab): Enterprise allowance will work all the better if young people are educated into the idea of creating their own businesses, yet thousands of people from Rotherham and other parts of south Yorkshire who go into work experience via the education business partnership scheme do not know whether the scheme will be continued. It is funded by the Department for Education, but we do not know whether it will be cut or continued. Could the Minister's Department talk to the Department for Education and get a bit of joined-up government on this?

Chris Grayling: One of the things that we are doing is introducing changes to the guidelines to ensure that young people who find themselves unemployed have a much greater opportunity to get work experience in enterprises while they are on benefits. We have also announced tens of thousands of extra apprenticeships to give young people the chance to get involved in, and understand, business. Young people will be among those who are eligible to take advantage of the new enterprise allowance, if they are unfortunate enough to find themselves unemployed.

Jobseeker's Allowance

8. **Chi Onwurah** (Newcastle upon Tyne Central) (Lab): What information his Department holds on the average cost to the public purse of an additional person being on jobseeker's allowance in 2010-11. [32649]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): Today, the JSA rate for a person over 25 is, as the hon. Lady knows, £65.45, and that will rise in April to £67.50. In 2010-11, the average weekly JSA rate was about £63.00. In addition, there are housing benefit, council tax benefit and employment support costs. However, the vast majority of jobseekers spend only a very short time in that situation; over half are back in work within 3 months.

Chi Onwurah: According to the New Economics Foundation, there is a jobs gap in the north-east of 447,000 jobs, and PricewaterhouseCoopers estimates that we will lose an additional 4.1% of our total jobs base as a result of this Government's cuts. Ministers have spoken about help for the longer-term unemployed, which I welcome, but what assurances can the Secretary of State provide that those additional job losses will not simply represent additional benefit payments, as well as lives wasted?

Mr Duncan Smith: The question that the hon. Lady asks is a pertinent one. The Work programme that my right hon. Friend the Minister of State was just speaking about is to make sure that those who go beyond a certain point at differing levels are swept up because they have particular problems. We need to deal intensively with them and use the private and voluntary sector. But to help earlier, Jobcentre Plus has been pretty successful at getting people matched up with the work that they need to be in and getting them back into work. When it comes to skills, the Government are increasing the number of apprenticeships—50,000 rising to 75,000 extra—which will help hugely with skilling, and the mentoring and work for yourself programme, which are part of the Work programme, will have a huge impact, by advising young people and enabling them to take the right jobs and get the right skills. The hon. Lady is right. Skilling up is important, but we think we will be on the right track to do that. Overall, the Office for Budget Responsibility said that employment will rise over the period.

Ms Karen Buck (Westminster North) (Lab): Does the Secretary of State accept the Office for Budget Responsibility figures, revealed to my right hon. Friend the Member for Paisley and Renfrewshire South (Mr Alexander), that an extra two thirds of a billion pounds will be spent on housing benefit as a result of rising unemployment over the next four years?

Mr Duncan Smith: The OBR is independent and the Government of course accept what it publishes as independent figures. We go by what the OBR's figures say. As the hon. Lady knows, we inherited a financial mess left by the previous Government. What we are doing is to make sure that we reduce the ballooning cost of, for example, housing benefit that she left behind—a bill that doubled in the past five years.[1]

1. *[Official Report, 12 January 2011, Vol. 521, c. 6MC.]*

Unfair Dismissal (Age)

9. **Robert Halfon** (Harlow) (Con): When he plans to bring forward proposals to prevent unfair dismissal on grounds of age. [32650]

17. **Michael Ellis** (Northampton North) (Con): When he plans to bring forward proposals to prevent unfair dismissal of staff on grounds of age. [32659]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): We are moving in that direction. Our changes will abolish the default retirement age, and we will make sure that people can no longer be kicked out of work because they have reached a certain age. By getting rid of that, we will improve the economy and help older people find work for a longer period, which is beneficial to the economy and beneficial for those people.

Robert Halfon: In the recession redundancies have been higher among the over-50s than any other age group, including in Harlow. Many people, like my constituent, Kevin Forbes, who applied for more than 4,500 jobs, are worried that employment law is biased against older people. What are the Government doing, apart from what my right hon. Friend has just described, to make work fairer for the over-50s?

Mr Duncan Smith: The reality for companies and for those who are seeking work is that, because of the need for employment over the next few years, we will need more and more of the skills that are present in the age group to which my hon. Friend refers. Therefore, companies have to reach the sensible solution, which is that people who have those skills and ways of doing their jobs can stay in work much longer. The Work programme will be set up so that they can be helped back into work if they become unemployed. My concern is that companies should recognise that older workers have huge value, well beyond the cost of paying their wages.

Michael Ellis: Constituents in Northampton have raised with me the fact that they have been forced to retire because of their age before they were ready to do so. As I know my right hon. Friend accepts, older people offer a wealth of experience and skill. What progress have the Government made on the consultation on the default retirement age?

Mr Duncan Smith: The consultation has gone very well. We are sifting through the responses. There have been more responses than we anticipated. The vast majority have been positive, although there are some, in some areas of business, that were not as positive as we had hoped. We will publish those results and press on. I can guarantee to my hon. Friend and the rest of the House that we will press on with the issue.

Toby Perkins (Chesterfield) (Lab): I am glad to hear that the Secretary of State is keen to extend fairness to workers. It is important that people are not discriminated against, regardless of their age. Does he agree that unfair dismissal is unfair dismissal whenever it takes place, and that any steps that the Government take that make it easier for unscrupulous employers to sack people without the right of appeal will be a retrograde step?

Mr Duncan Smith: I am not aware of any plans to change that. I agree that it is important that older workers in particular are recognised for the skills and benefits that they bring to the company concerned. Whatever changes are made, we must recognise that it should not be easier to get rid of somebody for the wrong reasons. If an employer has the right reason for getting rid of somebody, that is one thing, but people who are working hard should not lose their jobs just because they are older.

Ian Lucas (Wrexham) (Lab): Will the Secretary of State assure older people that he will not make it more difficult for them to pursue unfair dismissal claims by lengthening the qualification period for claims?

Mr Duncan Smith: With respect to the hon. Gentleman, he asks a question that is a direct concern of the Department for Business, Innovation and Skills. However, from our point of view I have no such plans. It is a matter that he might wish to raise with the relevant Department.

Fixed-interest Income Bonds

12. **Bob Stewart** (Beckenham) (Con): What assistance his Department provides to pensioners who rely on fixed-interest income bonds. [32654]

The Minister of State, Department for Work and Pensions (Steve Webb): For pensioners with savings, the Government ignore the first £10,000 of their capital when assessing them for pension credit, as a result of which almost nine out of 10 pension credit applicants have no capital taken account of at all. In addition, to support all pensioners the basic state pension will rise by £4.50 this April and the standard minimum guarantee for pension credit by £4.75.

Bob Stewart: About one third of my constituents are on pensions, which are often very small. What plans do the Government have to help older people who live on small incomes for which they have saved all their lives to build up?

• **Steve Webb:** My hon. Friend raises the very important point that falling interest rates and rates of return on savings tend to affect older people in particular. When we look at state pension reform, the return to saving and the reward for saving will be a particular priority for us. Many pensioners have their savings in very low-interest accounts, sometimes paying as little as 0.1%. There are much better rates out there, and I encourage all pensioners to shop around extensively to find the best rates possible.

Pension Credit

13. **Owen Smith** (Pontypridd) (Lab): What estimate he has made of the number of people in receipt of pension credit who will receive reduced payments as a result of the change to the timetable for the equalisation of the state pension age. [32655]

The Minister of State, Department for Work and Pensions (Steve Webb): Just to be clear, no one currently receiving pension credit will have reduced payments at all because of the revised state pension age timetable. In future, however, we anticipate that about 120,000 households could be affected by the increase in the pension credit qualifying age as a result of the change to the equalisation timetable between 2016 and 2020.

Owen Smith: Given that we know that the poorest pensioners are some of those who will be hardest hit by the Government's changes in respect of equalisation, will the Minister consider de-linking entirely the increase in the qualifying age for pension credit, which is paid only to the poorest, and the increase in the threshold for women's pensions? He says that he is worried that the relationship with his Tory masters is a bit cosy; here is an opportunity for him to strike a rare, Liberal, fair blow.

Steve Webb: The hon. Gentleman is right that, on average, people of lower social classes and on lower incomes tend to have a shorter life expectancy. The good news is that life expectancy is rising for people on all income levels, so as we raise the state pension age, it is only right and proper that we raise the starting point for pension credit. It would be very strange to go on paying at 60 something called pension credit when the state pension age rises, as under the previous Government's plans, to 66, 67 and 68.

Dame Anne Begg (Aberdeen South) (Lab): In a reply to a written answer, the Minister admitted that half a million women will have to carry on working for longer than a year as a result of accelerating the equalisation of the state retirement age. In particular, women who were born in 1954 and expected to retire in 2018 aged 64 will not now get their state pension until they are 66 in 2020. That strikes me as incredibly unfair. What is the Minister going to do about it?

Steve Webb: The hon. Lady is right: of the 5 million people who will be affected by the increase in the state pension, a relatively small age group will be affected as she describes. It would be an option to go more slowly, as the previous Government did, but, if we deferred all changes until 2020 in order to deal with the point that she makes, it would cost an extra £10 billion. Once again, we have a suggestion for £10 billion of extra spending but no suggestion of where the £10 billion might come from.

Welfare Reform (Multiple Births)

14. **Tom Greatrex** (Rutherglen and Hamilton West) (Lab/Co-op): What recent assessment he has made of the likely effects of his welfare reform proposals on families with multiple births. [32656]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): The changes that we have proposed for welfare reform are intended to make work pay for everyone and to tailor specific back-to-work help to meet individual circumstances. Approximately 10,000 births in the UK are multiple births, from a total number of 800,000 births.

Reforms to the Sure Start maternity grant have protected cases where the first birth is a multiple birth; the Sure Start maternity grant will be payable for all children

when the first birth is a multiple. I would welcome any further views or thoughts from anybody about what they feel we ought to be doing about this issue.

Tom Greatrex: I thank the Secretary of State for that reply and declare an interest, as the father of one-year-old twins.

Although having twins is a very rewarding privilege, it is, as has been remarked before, often a case of two for the price of three. Research undertaken by the New Policy Institute on behalf of the Twins and Multiple Births Association, or TAMBA, shows that multiple-birth families will suffer more than most under the proposed reforms. May I ask the Secretary of State whether he or one of his Ministers will meet me and representatives of TAMBA to discuss some of the perhaps unintended consequences of their reform proposals for families with multiple births?

Mr Duncan Smith: I congratulate the hon. Gentleman on his twins; I have four children, and one at a time was quite enough. I hope that he benefits greatly from that double-up. We will definitely see him and any group that he wishes to lead to discuss the matter further.

Duncan Hames (Chippenham) (LD): I welcome the Government's decision to pay a maternity grant for each child when the first birth is a multiple birth, but does the Secretary of State not accept that parents can face exceptional costs when a multiple birth follows an earlier, single birth? Could he not apply the same rationale and pay the maternity grant in those circumstances?

Mr Duncan Smith: The issue that my hon. Friend has raised is complicated. We are looking at it and discussing it, and I am happy to take it further with him if he wishes. However, it does add complications to an already complicated system.

Claimant Count (Wellingborough)

16. **Mr Peter Bone** (Wellingborough) (Con): What his most recent forecast is of the claimant count in (a) Wellingborough and (b) the UK in 2011-12. [32658]

The Minister of State, Department for Work and Pensions (Chris Grayling): The Department for Work and Pensions does not itself produce forecasts of unemployment. However, the latest UK claimant count forecast for 2011-12, published as part of the Office for Budget Responsibility's autumn forecast, was 1.52 million at the start of 2011-12, falling to 1.47 million at the end of the financial year. I am afraid that no figures are produced at constituency level looking ahead.

Having watched the skill of my hon. Friend over the years in combating the former Chancellor and Prime Minister over the increased level of unemployment in his constituency compared with 1997, I am relieved to be able to stand at the Dispatch Box and note that unemployment today is lower than it was under the previous Government. Let us hope that it stays that way.

Mr Bone: I thank the Minister for his kind words. Every Labour Government have left power with unemployment higher than when they came to power. When they came to power, unemployment in Wellingborough was 1,826; when they left, the figure was 2,916—an increase of 60%. Does the Minister agree that the Labour party is the party of unemployment and the Conservatives are the party of employment?

Mr Speaker: I have heard the hon. Gentleman's question with some delectation, but sadly it relates not to the policy of the Government but to that of the Opposition. I call Mr David Winnick.

Mr David Winnick (Walsall North) (Lab): In view of some of the propaganda put out by the Government and their supporters, saying that unemployed people are reluctant to find work, I should tell the Minister that over the past few weeks the local press in my area has reported that where there are vacancies, more than 100 people have applied for one single vacancy. Does that not demonstrate that up and down the country the unemployed are desperate to find work?

Chris Grayling: I have never doubted that there are very large numbers of people on benefits who want work. Our challenge is to make sure that there are sustainable jobs for the future. That is why we are investing in apprenticeships, trying to create a better climate for business and trying to make Britain a good place to create employment for the future. The great tragedy of the past decade is that the previous Government failed to do those things in good times.

Alison McGovern (Wirral South) (Lab): No one in the House wants to see the claimant count rise—most especially, no one wants young people to have to add themselves to the rolls of the unemployed. Given what has happened in the past few months, does the Minister now think that summarily cancelling the future jobs fund was the right choice?

Chris Grayling: The whole problem with the future jobs fund was that, first, it was extremely expensive—twice as expensive as the new deal for young people; and secondly, it did not create long-term jobs. This Government believe in creating apprenticeships, which create skills that lead to a career, not in six-month expensive work placements that lead nowhere.

Disabled Jobseekers

18. **Eric Ollerenshaw** (Lancaster and Fleetwood) (Con): What recent representations he has received on his plans to help disabled jobseekers into work. [32660]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): I refer my hon. Friend to the answer I gave to the hon. Member for Battersea (Jane Ellison) earlier today.

Eric Ollerenshaw: I raise the example of a constituent who is almost entirely blind—among a number of other disabilities—and is trying to set up his own business. As hon. Members can imagine, that involves a lot of communication with the local DWP office. My constituent needs that communication to be in an e-mailable form because he has a machine that will read the message for him in confidence without personal information being seen by his carer. The local office has said that it can

send communication only by letter, citing security as a reason. Will the Minister look into that unsatisfactory situation?

Maria Miller: I thank my hon. Friend for raising that issue. I share his concern about the rigidity of the rules regarding e-mail and the effects that they can have on certain aspects of the running of the Department. I assure him that we will be looking at that.

Mr Russell Brown (Dumfries and Galloway) (Lab): Figures show that people with a disability find it more difficult to enter the workplace. What discussions has the Minister had with her ministerial colleagues from the Department for Business, Innovation and Skills about the number of employers who are showing a genuine interest in employing people with a disability?

Maria Miller: I not only have discussions with BIS, but have gone out to talk to employers about their commitments to employing disabled people. There are some great examples of major and smaller employers who have a real commitment to ensuring that disabled people have a level playing field when it comes to taking on jobs. Through that and the support provided by access to work and other programmes that the Government are running, I am sure that we can help more disabled people to get back into gainful employment.

Bob Russell (Colchester) (LD): Is the Minister satisfied that the people who operate the Motability scheme and those who sit in judgment on appeal tribunals are aware that the Government's intention is to encourage disabled people into work? Those people should not drive disabled people who had work out of work by taking away their Motability cars.

Maria Miller: I can assure my hon. Friend that we greatly value Motability's work in supporting not only disabled people who are in employment, but disabled people who are not in employment. We will be ensuring that that scheme is robust into the future. Many thousands of people enjoy the support of Motability and get great value from it.

Pensions (Administrative Burden)

19. **Andrea Leadsom** (South Northamptonshire) (Con): What steps he is taking to reduce the burden of administration on businesses arising from pension provision. [32661]

The Minister of State, Department for Work and Pensions (Steve Webb): We are taking forward the recommendations of the independent "making automatic enrolment work" review, many of which were aimed specifically at making automatic enrolment in workplace pensions more straightforward for employers.

Andrea Leadsom: I thank the Minister for his answer. Although it is crucial that the Government do everything possible to get people to save for their retirement, does he agree that currently it is even more critical to reduce the burden of red tape and bureaucracy which is preventing small businesses from creating the new jobs we desperately need?

Steve Webb: My hon. Friend is right to suggest that we need to minimise the burden of quality workplace pension provision on firms. When the pensions Bill is published, she will see that all the changes we are making to the provision for enrolment in workplace pensions are deregulatory and will reduce the cost and burden for firms.

Disabled Jobseekers

20. **Margot James** (Stourbridge) (Con): What recent representations he has received on his plans to help disabled jobseekers into work. [32662]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): I refer my hon. Friend to the answer I gave earlier.

Margot James: I thank the Minister for her earlier response. I have been concerned that the number of people with mental health disabilities referred straight on to jobseeker's allowance has been greater than the number of people with physical disabilities. Can the Minister give an assurance that those undertaking workplace capability assessments will have access to high quality mental health expertise, and will she or the Minister responsible meet representatives of mental health charities from my constituency?

Maria Miller: I thank my hon. Friend for her question. That issue was looked at in detail as part of the Harrington review. The Government accepted all the recommendations put forward by Harrington and I assure her that mental health champions—one of the proposals put forward—will be in place by March. I believe that the Minister for Employment, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling), will be meeting my hon. Friend to discuss those matters further.

Stephen Lloyd (Eastbourne) (LD): Although I support the recent changes to access to work, which have offered a reassurance to prospective employers that they will be able to use ATW, I am concerned that the money available is to be reduced. Will the Minister reassure me that the access to work fund will always be adequate as the Government's policies rightly help more disabled people back into work?

Maria Miller: I thank my hon. Friend for his question. I can reassure him about the Government's commitment to access to work. I can go one stage further and say that more people will receive support from access to work this year than received it in the final year of the previous Government, and that that support will continue. We will be considering how we can make access to work provide really good value for disabled people and for the taxpayer.

Severe Weather (Vulnerable People)

23. **Henry Smith** (Crawley) (Con): What assistance his Department has provided to vulnerable people during the recent period of severe weather. [32665]

The Minister of State, Department for Work and Pensions (Steve Webb): This winter we have paid a record £427 million in cold weather payments, with 17 million separate payments.

Henry Smith: I am grateful to the Minister for his answer. Can he confirm that, contrary to various scare stories that we have heard in recent weeks, cold weather payments will continue into the future?

Steve Webb: As my hon. Friend suggests, there are two systems of support during the winter months: the winter fuel payment, which the Chancellor has confirmed will continue on exactly the basis budgeted for by the previous Government; and the cold weather payments, which will not continue on the basis budgeted for by the previous Government because they were going to cut them by two thirds and we are going to keep them at £25 a week.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): The Minister went some way towards answering my question about what is going to happen to the winter fuel payment, but can he categorically confirm that we will not see any changes to it in the next economic year?

Steve Webb: To reiterate, the Chancellor of the Exchequer made it quite clear in his comprehensive spending review statement that we will be sticking to the budgeted plans for winter fuel payments for future winters.

Topical Questions

T1. [32668] **Jessica Lee** (Erewash) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): I am concerned that the figures show that some 600,000 16 to 24-year-olds in the UK have never held regular work since leaving education. While this is a tragedy for them, it is part of a much longer-term problem that is not just to do with the recession. Unemployment among 16 to 24-year-olds stood at about the same level in 2008 as it had in 1997, despite some £3 billion spent on young people via the new deal and other programmes. That is why we are planning to phase out the old schemes with the new enterprise allowance scheme and the new Work programme and provide for 75,000 more apprenticeships as part of our package to improve the situation.

Jessica Lee: I am particularly concerned about the 820 young people in my constituency who are starting the year without a job. I spent some time in my local jobcentre in Ilkeston before Christmas, and I am very impressed with the efforts being made by staff there to help young people. However, can my right hon. Friend assist the House by setting out what efforts the Government are making at this time to help young people to access apprenticeships and skills training?

Mr Duncan Smith: As my hon. Friend will know, the Government are increasing the number of additional apprenticeships from 50,000 to 75,000 over the period of this Parliament. We are also bringing forward the Work programme. It is interesting to note that young people who have been out of work for a long time, as that is defined, will be entering the Work programme a month earlier than they would have done under the new deal for young people, which will be very good for them. Prior to that, jobcentres will work very closely with young people to make sure that they get the right choices and opportunities. It is worth noting that we are also doing an awful lot in trying to get those who are still at school set ready for the world of work when they leave school.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): On the subject of unemployment, the Government are meeting businesses in Downing street today and asking them to create jobs, but in its latest forecast published since the last DWP questions, the Office for Budget Responsibility revised upwards its unemployment forecasts for 2011, 2012, 2013 and 2014. Does this not confirm that it is as a direct result of the Government's macro-economic judgments that the unemployment queue is now forecast to be longer and the unemployment bill to be higher?

Mr Duncan Smith: The right hon. Gentleman seems to forget the financial situation that we inherited from his Government. I know that it is an uncomfortable fact, but the reality is that we had a major recession and we are taking the decisions that are necessary to get this economy back on track. If the hon. Gentleman looks at the OBR forecast, he will see that we are going to create many more new jobs and that unemployment will be falling all the way through the rest of this Parliament.

David Tredinnick (Bosworth) (Con): I have recently received a number of complaints that jobcentres are sending applicants for jobs to which they are not at all suited. Can my right hon. Friend give an assurance that with the introduction of the integrated Work programme, there will be new checks and balances to ensure that applicants are not sent for jobs for which they are totally unsuitable?

The Minister of State, Department for Work and Pensions (Chris Grayling): My hon. Friend is absolutely right. It is important that we try to match individuals with the vacancies that are best suited to them. Under the Work programme, providers will not be paid if they do not give people the right opportunities and they do not get the jobs, because there is a payment by results system. That system is the best route to ensure that those who are on benefits for the longer term get the best possible support and access to vacancies.

T2. [32669] **Mr Kevan Jones** (North Durham) (Lab): There has been a move from up-front, face-to-face contact at the jobcentre to more telephone systems. What plans do the Government have to reintroduce more face-to-face contact in jobcentres throughout the UK?

Chris Grayling: We welcome the hon. Gentleman back to the House after a breathless new year. We intend to find the right mix between the different channels of access to Jobcentre Plus. Many younger claimants prefer to access services online, many claimants prefer to deal with such matters face to face, and others are happy to apply for benefits and deal with such matters over the phone. The trick is to get the right mix, and that is what we will seek to do.

T3. [32670] **Christopher Pincher** (Tamworth) (Con): Atos Healthcare, which provides the Department's medical examiners, has told me that it does not provide

physiotherapy services in its assessments of incapacity benefit claimants. Will Ministers consider including core physiotherapy checks for Atos so that people who are in genuine need of help and those who claim to have bad backs but are not in such genuine need can be better identified?

Chris Grayling: I am a little confused by my hon. Friend's experience, because tests and assessments of people's physical capabilities are carried out under the work capability assessment. Our goal is to ensure that the WCA continues to improve and is the best possible mechanism. I am happy to talk to him about his constituents' experiences.

T4. [32671] **Bridget Phillipson** (Houghton and Sunderland South) (Lab): Further to the Secretary of State's previous answer, will he confirm that unemployment will return to pre-recession levels by the end of the Parliament?

Mr Duncan Smith: We stand by the OBR forecast that unemployment will rise slightly in the coming year and, thereafter, will fall year on year.

T5. [32672] **John Glen** (Salisbury) (Con): My constituent William Pender approached me to say that the removal of the mobility component of disability living allowance from his son, who resides in a state-funded care home, will leave his son more isolated, because the care home can provide only limited trips out. I invite the Minister to confirm that the full and true nature of my constituent's mobility needs will be properly catered for under the new system after the reforms.

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): Local authorities' contracts with care homes cover daily living activities, which may include providing access to doctors, dentists and local services such as libraries and banks. In addition, care homes have an obligation to help residents to pursue their independence. Our proposals will therefore remove an overlap in public funding.

T7. [32674] **Barry Gardiner** (Brent North) (Lab): The Government's ethnic minority impact assessment of the housing benefit changes states that it is not possible, because of a lack of data, to make a proper assessment. In my constituency, it is estimated that 8,500 people will be displaced. On the register, 64% of claimants are from ethnic minority backgrounds. That rises to 83% and 84% for the most vulnerable groups of those in temporary accommodation and those in houses of more than four people. Will the Government assure me that they will do what they said they might do and conduct further research into the disproportionate impact that the changes will have on ethnic minorities?

The Minister of State, Department for Work and Pensions (Steve Webb): I do not recognise the estimate of 8,500 displaced families. We have made changes to the proposals so that the changes to housing benefit will be phased in and existing tenants will have nine months' protection starting from the anniversary of their claim, with the result that local authorities will have time to manage the transition and that there will be more direct payments to landlords, so we will be able to negotiate rents down. We will of course monitor the impact of the changes as they go on, but 8,500 displaced families is not a number that we recognise.

T8. [32675] **Mr Sam Gyimah** (East Surrey) (Con): Although I welcome the Government's payment by results model as a way of delivering value for the taxpayer, the challenge for a lot of small organisations is that it will pose huge cash-flow problems. They will have to deliver the work and pay their staff, and then they will be paid by the Government. What steps is the Minister taking to ensure that small organisations that can deliver effective work programmes are not disfranchised by the Government's payment by results model?

Chris Grayling: I recognise the problem to which my hon. Friend refers, which is one reason why we have been absolutely clear to would-be bidders for the prime contracts for the Work programme that we expect them not simply to build but maintain a network of smaller providers. Where they have such cash-flow problems, it will be the big guys with the capital who are expected to carry the burden. In addition, we have put in place the Merlin standard, a code of conduct for contractors that basically states that if they do not do right by smaller organisations, and if they treat them badly commercially, they can lose their contracts.

T9. [32676] **Tom Greatrex** (Rutherglen and Hamilton West) (Lab/Co-op): Will the Minister join me in welcoming the establishment of the York Disabled Workers Cooperative, in which former Remploy workers, with the support of the GMB union and others, have established a factory making garden furniture and other products and selling them directly to the public? Does that not show that there remains a place for supported employment factories in the UK, and will she bear that in mind in the context of the review of Remploy?

Maria Miller: I join the hon. Gentleman in applauding the work of the York Disabled Workers Cooperative. It is important that we consider new ways of ensuring that organisations can help disabled people to have sustained employment, whether through social enterprises, Remploy's enterprise services or factories.

Jesse Norman (Hereford and South Herefordshire) (Con): Special Metals Wiggin is a large and important employer in Hereford city, but it has several hundred pensioners who have not had an increase in their company pension since 1995 and who have therefore suffered a more than 50% loss in the value of their pensions. Will the Minister examine the matter, and is he prepared to meet pensioners' representatives to discuss it in more detail?

Steve Webb: I am happy to look into the individual situation to which my hon. Friend refers. In general there are statutory requirements for the uprating of pensions in respect of service post-1997, but occasionally, when schemes are wound up underfunded and fall under different regimes, different indexation rules can apply. I would be very happy to receive more details and to meet my hon. Friend.

Malcolm Wicks (Croydon North) (Lab): Given the importance of tackling social security fraud, which depends in part on promoting a sense of responsibility

and honesty across the whole of society, does the Secretary of State agree that that is undermined by the widespread tax evasion by rich individuals and companies? If honesty is good enough for the poor, surely it is good enough for the rich.

Mr Duncan Smith: Of course if one defines tax evasion as doing something utterly illegal, it is quite wrong and we should bear down hard on it. That is the reality for everybody—if they do something that is beyond the law, that is wrong and we should bear down on them no matter how wealthy they are. That should be a rule for everybody, not just for the poor.

Nick de Bois (Enfield North) (Con): The Secretary of State may be aware that in my constituency, we have enlisted the support of companies and the voluntary sector to host a jobs fair on 21 January, to create local jobs for local people. That could not have been done without the support of the jobcentre agencies. Will he encourage other jobcentre agencies, as a matter of policy, to support the idea?

Mr Duncan Smith: I congratulate my neighbour on his role in that idea, which reflects the fact that as the Minister of State, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling), has made clear. Jobcentre Plus has worked really well in various constituencies to try to get work clubs going. In fact, the level of work club start-ups so far has been beyond what we expected at this point. Jobcentre Plus and my hon. Friend need to be congratulated, and I look forward to coming to see him in his constituency this Friday.

Alex Cunningham (Stockton North) (Lab): The Demos report "Counting the Cost", funded by Scope, shows that the number of disabled people who currently live in poverty is far higher than official estimates show, as their lower incomes and higher living costs are not taken into consideration. What action will the Secretary of State take to rectify that anomaly?

Maria Miller: I thank the hon. Gentleman for his question. The Government are doing two things. First, they are ensuring that more disabled people can get into employment. As I said earlier, around half of disabled people are in employment; many more want to work and cannot. The coalition Government have made clear their commitment to access to work as a way of helping disabled people into work, as well as to the work of the Minister of State, my hon. Friend the Member for Thornbury and Yate (Steve Webb), through the Work programme and Work Choice. However, we also recognise the extra costs that disabled people face, and our reform of disability living allowance and the introduction of personal independence payments will help to ensure that we have a robust mechanism in place, which is not means-tested but can support disabled people. I am glad to hear that the Opposition will perhaps support some of our reforms of disability living allowance.

Duncan Hames (Chippenham) (LD): More than 100 disabled members of Chippenham's Gateway club have written to me about the mobility component of disability living allowance, which they use to fund their transport to voluntary-run activities, which make a huge difference to their quality of life. Given the Minister's earlier answer, how can we ensure that care homes begin to meet those transport needs so that such activities can continue, even after her reforms?

Maria Miller: I thank my hon. Friend for his question. I do not think I can be clearer than to say that it is a condition of the registration of care homes that, when practical, they promote the independence, participation and community involvement of their residents. That is an important part of their job, and it is important that we ensure that disabled people who live in care homes continue to enjoy an independent life. Of course, if they are looking to move into employment, they are also eligible to apply for funding from the access to work scheme.

Paul Flynn (Newport West) (Lab): Of the representations that the Government have received from pensioners' organisations on the change from the retail prices index to the consumer prices index, what proportion was in favour and what proportion was against?

Steve Webb: The consultation that we undertook on the RPI-CPI change was about occupational pensions, and the majority of responses were from occupational pension organisations. Unsurprisingly, as CPI is generally lower, members of the schemes were not so keen and those who have to pay for the schemes were rather keener.

Mr William Bain (Glasgow North East) (Lab): Is the Minister aware that, at the weekend, the disability charity Scope described her plans to remove the mobility component of disability living allowance as "a callous decision", which would

"result in people being prisoners in their own homes",

and that disability lawyers have expressed concerns about the compatibility of the changes with the European convention on human rights? When will the Minister join the growing national consensus that the plans are unfair and unacceptable, and withdraw them?

Maria Miller: I thank the hon. Gentleman for his question. It is important to make it clear that our proposals apply to people who live in residential care homes, not those who live in residential accommodation. That was slightly unclear from the question. Obviously, any measure that the Government propose is subject to a full impact assessment, in which human rights and other legislation will be examined in detail. I can assure the hon. Gentleman that we have already taken advice on the matter, and that the measures fully comply with human rights legislation.

Swine Flu

3.33 pm

John Healey (Wentworth and Dearne) (Lab) (*Urgent Question*): Thank you, Mr Speaker, for allowing this urgent question to ask the Secretary of State for Health if he will make a statement on the Government's preparations for and response to the current flu outbreak.

The Secretary of State for Health (Mr Andrew Lansley): Every winter, flu causes illness and distress to many people. It causes serious illness in some cases and, unfortunately, some deaths. I know that each death is a tragedy that will cause distress to family and friends.

The NHS is again well prepared to respond to the pressures that winter brings—it has responded excellently this year. I thank in particular general practitioners, who each year work tirelessly to look after the health of their patients—especially this winter when the weather, as well as flu and other viruses, has presented challenges.

The rate of GP consultations for influenza-like illness is currently 98 per 100,000 people, down from 124 per 100,000. Those figures are lower than the numbers recorded during the pandemic in 2009-10 and below epidemic levels, which are defined as 200 per 100,000 people. The most recent data showed that 783 people were in critical care in England with influenza-like illness.

Where necessary, local NHS organisations have increased their critical care capacity, in part by—regrettably—delaying routine operations that require critical care back-up. That is a normal local NHS operational process; critical care capacity is always able to be flexible according to local need. We have also increased the number of extracorporeal membrane oxygenation beds, for patients with the most severe disease, from five to 22. A seasonal flu vaccine is again available this year. Our surveillance data show that the vaccine is a good match to the strains of flu that are circulating.

GPs in England order seasonal flu vaccine direct from the manufacturers, according to their needs. Vaccine supply is determined in the early part of the year, for autumn delivery. We recently became aware of reports of flu vaccine supply shortages in some areas in England. We are working with the NHS locally to ensure available supplies of surplus vaccine are moved to where they are needed. In addition, the H1N1 monovalent vaccine is now available to GPs for patients who are eligible for the seasonal flu vaccine.

The Government continue to take expert advice from the Joint Committee on Vaccination and Immunisation. Last year, the JCVI advised for the first time that, in addition to usual risk groups, healthy pregnant women should be vaccinated with seasonal flu vaccine. It did not recommend that children under the age of five outside the at-risk groups should be vaccinated. On 30 December, the JCVI assured me that this advice remains appropriate.

The number of deaths in the UK this winter from flu, verified by the Health Protection Agency, currently is 50. The number of deaths from seasonal flu varies each year, with over 10,000 deaths from seasonal flu estimated in the winter of 2008-09.

Antiviral medicines can also help clinical at-risk groups who have been exposed to flu-like illness. We notified clinicians that the use of antiviral medicines in these groups was justified and, at their discretion, with other patients. We have given access to the national antiviral stockpile to support that.

We are making publicly available for the first time a range of winter performance information, published on the Winterwatch section of the Department's website. I wrote to all Members last week to inform them of the NHS response to flu, and updated them further in a written statement published this morning.

John Healey: I thank the Health Secretary for that statement, but the truth is that he has been slow to act at every stage of this outbreak, and that is putting great pressure on the NHS across the country. It is working flat-out in our local hospital in Rotherham. We have had to open extra beds, and since last Tuesday have cancelled all non-urgent surgery. Four of the 50 patients in the UK who have so far died linked to this flu have been in Rotherham, and two were constituents.

The Health Secretary talks about seasonal flu, but we knew this would not be like normal winter flu because we knew swine flu would be dominant, so the central question for the Health Secretary is why he made less preparation for a flu outbreak that was expected to be more serious. Why did he axe the annual autumn advertising campaign to help boost take-up of the flu jab and help the public understand who is at risk and what treatment is available? We know it works, and this was a serious misjudgment.

Why was the Government's first circular to midwives, urging them to help get pregnant women to take up the flu jab, not sent out until 16 December? Why has there been no move to offer vaccines through antenatal clinics, and why are the Government not publishing details of the numbers of pregnant women who are seriously ill or who have died, as they are with other groups that are most at risk?

With proper planning and preparation, we should not have seen GPs and pharmacies running out of the vaccine in some areas last week, nor should we have seen parents confused about the treatment available for their young children. I hope last week's figures mean we may be over the worst, but, with 783 people in critical care and a long winter still ahead, what steps will the Health Secretary take if the numbers of ill people continue to rise? Can he now, today, give the House the reassurance he has failed so far to give the public, which is that he really has got a grip on this situation? Finally, when all the bodies he is relying on to sort out this situation will be abolished under his internal organisation, what assurance can he give the public that this will be any better handled in the future?

Mr Lansley: I share the right hon. Gentleman's deep sadness at the deaths in Rotherham and join him in expressing clearly my condolences to the families of his and other Members' constituents who have died. Regrettably, there will, I fear, be further deaths from flu—that is in the nature of the winter flu season—but I have to explain to him that we are in the midst of a seasonal flu outbreak that has not reached epidemic levels. Neither is it a pandemic, which is clearly a different situation in which a novel virus, to which there is not acquired immunity, is in circulation.

The right hon. Gentleman asked some specific questions. First, on having to cancel operations, I have made it clear that that is, unfortunately, a consequence: if the

NHS's critical care capacity is under pressure, it cannot admit large numbers of patients for elective operations that might require critical care back-up. The seasonal winter flu outbreak has led to an increase in the number of patients with flu in critical care beds, although they still constitute only about one fifth of the total number of critical care beds, and I pay tribute to hospitals across the country that have increased their critical care capacity, particularly in intensive care, to deal with the situation.

We are also providing assistance to the NHS. I am sorry that the right hon. Gentleman did not refer to my important announcement last Tuesday that, because we made savings in the Department of Health's central budgets, on things such as management consultancy costs and the IT scheme, we have been able to issue this financial year—in other words, starting now—an additional £162 million to primary care trusts throughout England. They will be able to use that money directly with their local authorities to facilitate the discharge of patients. There are currently about 2,500 patients in hospital who could be discharged if the appropriate arrangements were in place. That will accelerate the relationship with social care that we are looking for.

It is pretty rich for the right hon. Gentleman and the Labour party to say that there should not have been any shortages. The number of vaccines supplied to the United Kingdom was determined before the Government took office. It was determined under the previous Administration, in the early part of last year, not by this Administration. Furthermore, it was equally not just presumptuous but unhelpful for him, during the Christmas period, to talk inaccurately about whether children under the age of five should be vaccinated. He knows perfectly well that like his predecessors we take advice from the Joint Committee on Vaccination and Immunisation. With the chief medical officer, we asked the committee to look at the issue again, and it met on 30 December and reiterated its advice that young children should not be vaccinated. So for him to stimulate press reports suggesting that parents should have their children vaccinated, when the expert advice was not that that should be done, was deeply unhelpful.

The right hon. Gentleman's final point was about the organisations. It is clear to me that, by abolishing the Health Protection Agency and bringing its responsibilities inside the Department of Health under the new Public Health England, we will have a more integrated and more effective system for responding to seasonal flu in future years.

Several hon. Members *rose—*

Mr Speaker: Order. Many right hon. and hon. Members are seeking to catch my eye. If I am to have any realistic chance of accommodating the interest of most Members, short questions and answers alike will be essential.

Nicky Morgan (Loughborough) (Con): The Secretary of State is right that general practitioners are on the front line, and it is to them that patients will turn. Does he have any thoughts on the case of a constituent of mine who contacted me yesterday to say that he has been trying to get a vaccination, but has been unable to do so because he wants to have one after 4 o'clock in the afternoon, when he can get away from work? He does not want to jeopardise his job and is finding it difficult to access the vaccination before then, but GPs would rather vaccinate in the morning.

Mr Lansley: The arrangements that individual GP surgeries make for ordering and administering doses of the vaccine have been, since October, for them to make. From our point of view, as soon as we were aware that local supply would not necessarily match local demand in the places it should, we took the decision last week to make available the NHS stockpile—there are 12.7 million doses of the H1N1 vaccine—and I can tell my hon. Friend that 20,000 doses began to be distributed this morning. There is no reason why we cannot meet the requirement for vaccinations, whether through GPs' own doses and local arrangements, through issuing NHS prescriptions that can be fulfilled at local pharmacies or through surgeries ordering the H1N1 vaccine from us.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Happy new year, Mr Speaker. Is the right hon. Gentleman aware—he should be because I have written to him about this—of serious concerns in my constituency about the shortage of flu vaccine, including for chronically sick people? Will he tell the House, in the most specific way, what action he is taking to ensure that sufficient flu vaccine is available in the city of Manchester and in Greater Manchester?

Mr Lansley: May I reiterate to the right hon. Gentleman that the amount of vaccine supplied to the United Kingdom is determined by manufacturers on the basis of discussions with not only the Department, but others, and that the vaccines are ordered by individual GP surgeries? The total amount of vaccine was 14.8 million doses, which is comparable to the level in previous years. Although GP surgeries have shortages, because of the preparations made during the pandemic in 2009 and given that the principal strain of flu circulating is the H1N1 strain—it is not the only strain, but it is the most relevant to guard against for many in the at-risk groups under the age of 65—we made it clear that we would back up GPs who had any shortages with access to our stockpile of H1N1 vaccine. Orders have come in and they are being filled.

John Pugh (Southport) (LD): Governments do not control diseases yet, but in my constituency elective surgery has been cancelled and pharmacies have run out of vaccine. What is the serious long-term alternative to the over-provision of last year and the localised under-provision of this year?

Mr Lansley: I do not think one can say that there was over-provision during the pandemic, because one could not have been at all clear about the nature of the progress of H1N1. However, what that meant is that we have the stockpile of vaccine available to back up the NHS this year. My hon. Friend makes a very good point, because there is clearly an issue to deal with regarding how this is properly managed. Before Labour Members start talking from a sedentary position, they might wish to re-examine the 2007 flu review. It was conducted by the Department of Health under the previous Administration and recommended that there should be central procurement of flu vaccine in England, but the previous Administration did nothing about it.

Mr Kevin Barron (Rother Valley) (Lab): Can the Secretary of State tell us why the midwives association was not written to until 16 December?

Mr Lansley: We made it very clear that everyone in the at-risk groups was going to be contacted through their GP surgery, and it is the responsibility of GPs to have done that

Mark Pawsey (Rugby) (Con): I am grateful to my right hon. Friend for the information that he has provided so far, but I wonder whether he could reassure the parents of a 13-year-old boy. They came to see me on Saturday because their son is egg allergic and also suffers from asthma, and they are concerned about the availability of a flu vaccine this year.

Mr Lansley: I will certainly write to my hon. Friend about this, but I am confident that one of the number of vaccines that are available will be suitable for his constituent.

Hugh Bayley (York Central) (Lab): Last week, 30 beds at York hospital were occupied by people with suspected or confirmed cases of flu. That is costing the local NHS £7,500 a day—£50,000 a week—and that money could be spent on treating patients with unavoidable conditions. What lessons will the Secretary of State learn from the failure to promote the uptake of the flu vaccine this year to ensure that we do not encounter a similar problem next year?

Mr Lansley: The hon. Gentleman's question is based on a false premise, because the level of vaccine uptake this year among over-65s is 70% and among under-65s is 45.5%, which is comparable to previous years. He did not refer to this, but because we made savings we provided the NHS with considerable additional resources in the last three months of the year precisely to manage winter pressures and ensure that beds in hospitals are available.

David Tredinnick (Bosworth) (Con): I congratulate my right hon. Friend on the increase in the critical case capacity and in the number of extra corporeal membrane oxygenation—ECMO—beds from five to 22, which has made a difference. Will he also pay tribute to others who help in these situations, such as the manufacturers of homeopathic medicines and homeopathic chemists? They provide preparations that may be suitable for people, such as the constituent of my hon. Friend the Member for Rugby (Mark Pawsey), who are unable to take flu vaccines and others who choose not to do so.

Mr Lansley: I am grateful to my hon. Friend for that question. His local hospital, the Glenfield in Leicester, leads on specialised ECMO bed services. In this country, we have increased the number of ECMO beds; we have more per head of population than any of the developed health economies, including the United States. As for treatments and vaccinations, I continue to rest upon the scientific and expert advice. Indeed, I hope that patients will consult their clinicians about their treatments.

Valerie Vaz (Walsall South) (Lab): Will the Secretary of State say whether he took the decision to delay the advertising campaign and, if so, when?

Mr Lansley: I announced just after Christmas the "catch it, bin it, kill it" campaign. I had not—*[Interruption.]* Let me explain to Opposition Members. In 2009, the campaign took place in November. Why? It was because the spread of flu took place in late October, early November. Therefore, it occurred at the point at which there was a substantial spread of the influenza in the community. That is precisely what we did this year.

Henry Smith (Crawley) (Con): As an asthma sufferer, I am pleased to report that just this morning I had the benefit of the flu jab and it was professionally and painlessly administered. However, constituents have come to me concerned about, in one case, a child who has had the respiratory syncytial virus, or RSV and, in another case, an adult who has had pneumonia, who have been denied the flu vaccine. Will he examine how the guidance to GP practices can be amended to include such groups?

Mr Lansley: I will of course write to my hon. Friend about the nature of the advice provided by the joint committee, but we follow and have followed at each stage the advice given to us by that independent expert committee, the Joint Committee on Vaccination and Immunisation. I will certainly write to him to explain how it has determined the at-risk groups for these purposes.

Mr John Spellar (Warley) (Lab): Earlier, the Secretary of State made the astonishing admission that he has done nothing since the Labour Government left office. He rightly drew attention to the work being done for at-risk groups. However, emergency planning requires the sustaining of the emergency services. Why is he not giving priority to those who work for the emergency services—the police, the fire and ambulance services?

Mr Lansley: I have two points for the right hon. Gentleman. First, all NHS staff, including ambulance staff, are eligible for the vaccine. Regrettably, when I last looked, under 20% had availed themselves of that opportunity. I wish that it were higher.

Liz Kendall (Leicester West) (Lab): "Wish"? Does the Secretary of State think wishing is enough?

Mr Lansley: They are all offered it, so they can all be provided with it. I am not in a position to require people to take a vaccine. We are not providing mandatory vaccination in this country yet, and I do not suppose that we shall.

Secondly, I was not admitting that I had done nothing—on the contrary. What the right hon. Gentleman perhaps does not understand is that one cannot simply order additional large-scale supplies of a vaccine. A long process of manufacture is required, as it is an egg-based culture system. The amount is ordered in the spring for autumn delivery, so the amount was determined in the spring. When I entered office in May, there was not any reason particularly to think that we would need more than in other flu seasons, and we knew that we had the back-up of the H1N1 vaccine if we needed it. In early August, I made it clear that I intended to review further the system of procurement, distribution of flu vaccine and its supply. That review is ongoing and will be published shortly.

Jeremy Lefroy (Stafford) (Con): Does my right hon. Friend agree that the reason that acute beds are under such pressure at this time of swine flu is that we do not have sufficient step-down or community beds into which people can transfer from acute beds?

Mr Lansley: My hon. Friend makes an important point. Primary care trusts and local authorities working together should now be able to have confidence that the resources are available in this financial year—and £648 million will be available in the next financial year, and more in years beyond—to improve the relationship between health and social care not only through things such as step-down beds, but through operating, for example, hospital at home services, community equipment services and home adaptations to ensure that only those people who need to be in hospital are in hospital.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): There have been several reports about children having to travel extremely long distances to access critical care in children's hospitals. Is the Secretary of State satisfied that there is sufficient capacity for paediatric intensive care and high dependency care?

Mr Lansley: Yes, I am. The hon. Lady will know that there have always been occasions when paediatric intensive care capacity in a particular hospital is full and when it is necessary for children to be taken a distance. On Christmas eve, I was at the intensive care unit at Alder Hey and I want to pay tribute to the tremendous work done by staff there. They acknowledge that this was not just about H1N1. One reason the committee did not recommend vaccinating all children under the age of five was that children, particularly very young children, were in intensive care because of a combination of H1N1 and/or bronchiolitis and RSV. A range of conditions was impacting at that moment on very young children.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Several chemists and GPs' surgeries in Merseyside have run out of the flu vaccine, leaving at-risk patients unable to obtain the jab. The Health Protection Agency has highlighted Liverpool as having significantly higher rates of swine flu than the English average. Will Liverpool therefore receive a higher proportion of the £162 million that the Secretary of State has made available to primary care trusts to help those affected?

Mr Lansley: The £162 million will be allocated to primary care trusts based on the social care allocation formula, which will be the same for next year. Any GP surgery, or for that matter the primary care trust in Merseyside, is free to come to us to order supplies from the national stockpile of the H1N1 vaccine to ensure that those who require vaccination can receive it.

Kevin Brennan (Cardiff West) (Lab): In his answer to my hon. Friend the Member for Walsall South (Valerie Vaz), the Secretary of State was clearly giving an after-the-fact justification for his failure to act on the winter awareness campaign earlier in the year. He is fond of telling anyone who ventures to criticise him that they are completely wrong. Will he admit that on this occasion, as far as the awareness campaign is concerned, he was the one who was completely wrong?

Mr Lansley: No, absolutely not. I was simply pointing out to Opposition Members that the principle that applied in 2009, which was that the point at which flu was circulating in the community was the point at which the "catch it, bin it, kill it" campaign was initiated, was precisely the same principle that I applied this year.

May I say in response to the hon. Member for Liverpool, Wavertree (Luciana Berger) that the supplies of vaccine provided to primary care trusts or GPs' surgeries from the national stockpile of swine flu vaccine will be provided free?

Chris Leslie (Nottingham East) (Lab/Co-op): To be absolutely clear on that answer, does the Secretary of State have any regrets whatsoever about not proceeding with the flu publicity campaign?

Mr Lansley: No. I have made it perfectly clear that the principle we applied is exactly the same and was based on the medical advice given to me, which was to pursue an awareness campaign on respiratory and hand hygiene at the point at which flu was circulating in the community. That is what I was asked and that is the decision I took.

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): Will the Secretary of State comment on the worrying media reports emanating from Scotland that at a time when there were shortages of vaccine the Department of Health was scrabbling around trying to get supplies from other countries when there was a surplus in Scotland, but it never asked the Scottish Government? Is that the case, or is it nationalist mischief making from Edinburgh?

Mr Lansley: All I can tell the hon. Gentleman is the simple truth. In the early part of last week, we asked manufacturers whether they had additional supplies. I believe that some additional seasonal flu vaccine that is licensed for use in this country probably will be made available. In any case, we have the H1N1 vaccine to support the immunisation, where required. Early last week, we did ask Scotland. The amounts that would have been available in the short run were not significant at all, so it was better for them to be retained in Scotland because there might be a continuing need for the vaccine there, rather than here.

Miss Anne McIntosh (Thirsk and Malton) (Con): Will the Secretary of State explain when in the course of the year the vaccine would normally be ordered?

Mr Lansley: It would normally be ordered between March and May.

Paul Flynn (Newport West) (Lab): H1N1 deaths are especially tragic because they involve people with expectations of a long life. Last year, 65,000 deaths were anticipated but fewer than 500 died with swine flu and 150 died of swine flu. If the priorities of the health service are not to be distorted, should not we approach this problem with a sense of both caution and proportion?

Mr Lansley: I share the hon. Gentleman's deep regret. H1N1, unlike many previous flu strains, does not particularly impact on the elderly; it impacts on younger people and on younger adults in particular. That is the

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principal reason why we are seeing a relatively larger number of people occupying critical care beds. The NHS response has been to accelerate the provision of critical care capacity and of ECMO beds in particular.

Ian Paisley (North Antrim) (DUP): The Secretary of State will be aware that tragically there have been 14 flu-related deaths in Northern Ireland during this winter. Given that that figure is proportionately higher than in other parts of the United Kingdom, what discussions has he had or does he intend to have with his counterpart in Northern Ireland to assess why the proportion is so much higher and whether there is a black spot with regard to that disease?

Mr Lansley: The figure of 50 deaths to which I have referred is the total number of deaths verified by the Health Protection Agency. There have been more deaths than that, but they have not been verified to have been caused by flu. I cannot comment on the relationship between the number that I quoted for the United Kingdom as a whole and that for Northern Ireland, because we are not dealing with comparable figures. My colleagues in the devolved Administrations and I will continue to keep in touch. It is important for us not to be simplistic about this. There are differences in vaccine take-up between Administrations—they are not major, but they exist. There are differences in the prevalence of swine flu, and the prevalence of flu in Northern Ireland is very high compared with England—it is even a great deal higher than that in Scotland. Happily, the number of deaths is only ever a very small proportion of the people who contract flu. To that extent, it is difficult to draw from the number of deaths conclusions about the nature of the response to flu overall, not least because the prevalence is overwhelmingly among people who are not in the at-risk groups, who, I hope, were vaccinated.

Mr Denis MacShane (Rotherham) (Lab): Mr Speaker, I am not sure whether you have noticed that since the Secretary of State started making his excuses for this problem, Government Front Benchers and Back Benchers have looked more and more unwell. Will the Secretary of State confirm that he has had the flu jab and that he has made sure that his Front-Bench team have had it?

Mr Lansley: I take this issue seriously, even if the right hon. Gentleman does not. As it happens, I fall into one of the at-risk groups, because I had a stroke in 1992, so I have had the flu jab. I would not ask members of my ministerial team who are not in the at-risk groups to have the vaccination, because it is not recommended.

Toby Perkins (Chesterfield) (Lab): The biggest tragedy is that the Secretary of State has learned no lessons whatsoever from what has happened. As a result, it is likely that the same mistakes will be made in the future. His answers about the advertising campaign are completely unconvincing. Will he explain why he cancelled the advertising campaign, which GPs were demanding at the time, to increase the take-up of vaccinations?

Mr Lansley: I cancelled no campaign; I proceeded only with the awareness campaign on respiratory and hand hygiene. An advertising campaign aimed at the general population would not have been effective, and I was advised that there was no evidence that it would be effective. We knew who the at-risk groups were, and it was possible to reach them directly rather than engaging in wider advertising.

Owen Smith (Pontypridd) (Lab): Will the Secretary of State tell us what role primary care trusts and strategic health authorities are playing in dealing with the crisis? Will he explain what dismantling the SHAs and PCTs will do in terms of central planning for future crises?

Mr Lansley: The role of SHAs and PCTs is, as in previous years, to manage the NHS response to winter pressures. In future, the commissioning consortiums together with the NHS Commissioning Board, will fulfil similar responsibilities. In future years, there will be a stronger ability to integrate the response of the Department of Health and the Health Protection Agency, working together as one new organisation, Public Health England, which will have a stronger public health infrastructure.

Contaminated Blood

4.4 pm

The Secretary of State for Health (Mr Andrew Lansley): With permission, I would like to make a statement on hepatitis C and HIV-infected blood.

What happened during the 1970s and 1980s, when thousands of patients contracted hepatitis C and HIV from NHS blood and blood products, is one of the great tragedies of modern health care. It is desperately sad to recall that during this period the best efforts of the NHS to restore people to health actually consigned very many to a life of illness and hardship. As the current Health Secretary, and on behalf of Governments extending back to the 1970s, may I begin by saying how sorry I am that this happened and by expressing my deep regret for the pain and misery that many have suffered as a result?

It is now almost two decades since the full extent of the infection was established and two years since the independent inquiry led by Lord Archer of Sandwell reported. The majority of Lord Archer's recommendations are in place, as are programmes of ex gratia payments, which are administered by the Macfarlane Trust and the Eileen Trust for the HIV-infected and by the Skipton Fund for those with hepatitis C. However, significant anomalies remain and I pay tribute to Lord Archer, to other noble Lords and to hon. Members in this place from all parties for highlighting them.

In October, the Under-Secretary of State for Health, my hon. Friend the Member for Guildford (Anne Milton), announced a review into the current support arrangements —to look at reducing the differences between the hepatitis C and HIV financial support schemes and to explore other issues raised by Members during the recent Back-Bench debate, including prescription charges and wider support for those affected. We also asked clinical experts to advise on the impact of hepatitis C infection on a person's health and quality of life and to consider whether an increase in financial support was needed. My hon. Friend the Under-Secretary has met representative groups to understand the impact that these infections were having on people's lives and has also met many Members of both Houses who have been strong advocates on behalf of those affected.

We have now considered the findings of the clinical expert group and we accept that the needs of those with advanced liver disease from hepatitis C merit higher levels of support. At present, the amount of money paid to this group depends on the seriousness of the infection. There are two stages at which the Skipton Fund will make a payment, the first of which is when the person develops chronic hepatitis C infection. At this point, a person is eligible for a stage 1 relief payment—currently a lump sum of £20,000. Some may reach a second stage of developing an advanced liver disease such as cirrhosis or cancer, or of requiring a liver transplant; they then become eligible for a stage 2 payment, which is currently another lump sum of £25,000. Under new arrangements that we will introduce, this second stage payment will increase from £25,000 to £50,000. This will apply retrospectively, so that if a person has already received an initial stage 2 payment of £25,000, they will now get another £25,000 lump sum, bringing the total to £50,000.

In addition, we will also introduce a new, annual payment of £12,800 for those with hepatitis C who reach this second stage. This is the same amount as those who were infected with HIV receive. Those infected with both HIV and hepatitis C from contaminated blood will now receive two annual payments of £12,800 if they meet the stage 2 criteria—one payment for each infection—along with the respective lump sums. All annual payments that are made, both to those so infected with HIV and to those with hepatitis C, will now be uprated annually in line with the consumer prices index to keep pace with living costs.

We know that some of those infected with HIV or hepatitis C from NHS blood and blood products face particular hardship and poverty. Those infected with HIV can already apply for additional discretionary payments from the Eileen Trust and the Macfarlane Trust, but no equivalent arrangements are in place for those infected with hepatitis C, so we will now establish a new charitable trust to make similar payments to those with hepatitis C who are in serious financial need. These payments will be available for those at all stages of their illness, based on individual circumstances. Discretionary payments will also be available to support the dependants of those infected with hepatitis C, including the dependants of those who have since died. Again, this will echo the arrangements in place for those infected with HIV and will enable us to give more to those in the greatest need.

We must also ensure that those infected through NHS blood and blood products get the right medical and psychological support. I can therefore announce two further measures. First, those infected with hepatitis C or HIV will no longer pay for their prescriptions. They will now receive the cost of an annual prescription prepayment certificate if they are currently charged for prescriptions. Secondly, the representative groups raised the issue of counselling support for those infected through blood and blood products. We fully recognise the emotional distress that they have experienced. As a result, we will provide £300,000 over the next three years to allow for around 6,000 hours of counselling to help those groups.

While we focus on those still living with infections, we must also recognise the bereaved families of those who have died. At present, no payment can be made to those infected with hepatitis C who passed away before the Skipton Fund was established. That is a source of understandable distress to those who survive them, and that is something that we now want to put right. I can therefore announce that, until the end of March 2011, there will be a window of opportunity in which a posthumous claim of up to £70,000 can be made on behalf of those infected with hepatitis C who died before 29 August 2003. A single payment of £20,000 will be payable if the individual had reached the first stage of chronic infection. Another single payment of £50,000 will be made if their condition had deteriorated to the second stage, in which they suffered serious liver disease or required a liver transplant. We will work with the Skipton Fund and various patient groups to publicise this new payment to those who may benefit. Those new payments, which will go to the individual's estate, should help more families to get the support that they deserve.

Taken together, these announcements represent a significant rise in the support available to those affected by this tragedy. Putting an exact figure on the package is

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difficult, as there is some uncertainty about how many people will be eligible, and how their illnesses may progress. However, we believe that the new arrangements could provide £100 million to £130 million-worth of additional support over the course of this Parliament. All payments will be disregarded for calculating income tax and eligibility for other state benefits, including social care. Although the changes apply only to those infected in England, I will be speaking to the devolved Administrations to see whether we can extend the measures across the United Kingdom.

Today's announcements cannot remove the pain and distress that individuals and families have suffered over the years, but I hope that the measures can at least bring some comfort, some consolation, and perhaps even some closure to those affected. I commend the statement to the House.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): The Opposition welcome the review and today's statement, and we note that Labour Health Ministers had agreed the review in principle before they left office. We are glad that the statement was made on the very first day back after the Christmas break, because we are aware that the statement was promised before Christmas. We appreciate it being made as soon as it could be made.

Does the Secretary of State agree that the House owes a tremendous debt of gratitude to the patient groups that have campaigned for more than 25 years on the issue? They include the Haemophilia Society, the Hepatitis C Trust, the Taintedblood group, the Manor House Group, and individuals such as Haydn Lewis, who unfortunately passed away before he could see this resolution. Without the campaigning of those groups and individuals over two decades, the issue would have been one of private misery and private suffering. It is because they campaigned and kept the issue before the public and before the eyes of politicians that we are able to move decisively towards a proper resolution today.

Many of the measures in the statement will be welcomed, particularly the help with prescription charges and the £300,000 for counselling—I have seen with my own eyes the awful mental effect of this tragedy on people—as well as the payments for dependants, the provision for posthumous claims, and above all, the move towards parity in the cases of HIV and hepatitis C. All that will be welcomed, but there will still be campaigners who will regret that we have not been able to achieve parity with the compensation that was offered and handed out in the Republic of Ireland. It would be silly to pretend that there will not be many people still saying today, "Why could we not achieve what was done in the Republic of Ireland?".

Finally, when we remember that more than 4,500 completely innocent and trusting patients contracted HIV, hepatitis C or both as a consequence of tainted blood, and that more than 1,900 of those people have died, leaving thousands of dependants behind, should we not, as a House, resolve that it should never again take 25 years for perfectly innocent victims of errors and mistakes to have proper justice and recompense?

Mr Lansley: I am grateful to the hon. Lady and I entirely endorse her opening and closing remarks paying tribute to all the patient groups. My hon. Friend the Under-Secretary of State for Health has met many of those groups and individuals, and I know that she would heartily endorse what the hon. Lady said about how they have brought these issues time and again to the forefront of attention in the House and the other place. I do not want to underestimate the many in the House and the other place who responded to that and did so very well by bringing these cases forward. I hope that they will see in today's statement a proper response.

We do not know whether there will ever be a similar case. I hope we can avoid it—it would be much better to avoid it—but if we were ever in a situation where such a consequence flowed from the NHS seeking to do its best to treat patients but such harm nevertheless occurred, I hope we would recognise that, be able to identify it and not allow decades to pass before proper recognition took place.

That brings me to the hon. Lady's substantive point, which is the relationship between what we are doing and the compensation provided in the Republic of Ireland. As we explained in October, we do not regard these as comparable cases. In the Republic of Ireland, mistakes were made by the Irish Blood Transfusion Service which led to a recognition of liability, leading to a determination of compensation. In this country we are not providing compensation. We are recognising the harm that occurred, notwithstanding the fact that the NHS at the time sought to provide the treatment that it thought was in the best interests of patients.

That harm occurred. As an ex gratia payment and in recognition of the harm that occurred and the distress that followed, we have sought to ensure that there is proper support, financial and otherwise, for the victims and their families. I hope that by getting rid of the anomalies and recognising—in particular, through the work of the clinical expert group—the impact on those with hepatitis C, we are giving the support that those who were damaged should expect.

Jonathan Evans (Cardiff North) (Con): Although I welcome my right hon. Friend's statement, I should point out that Lord Archer recommended that there should be compensation along the Irish lines. That is a little of the context of what has taken place.

I take the opportunity of congratulating the Under-Secretary of State for Health, my hon. Friend the Member for Guildford (Anne Milton) on all the work that she has done on the matter, which I know has been welcomed across the House.

May I ask my right hon. Friend about the position in Wales? I was a little taken aback by the fact that he said that he intends to speak to fellow Ministers in Wales. I have a statement from the Welsh Minister indicating that as far as she is concerned, these issues come next to be considered by her in 2014, which was the previous agreement with the Department of Health. Many of my constituents will want to know what discussions have so far taken place and whether the arrangements will be replicated in the Principality.

Mr Lansley: The Under-Secretary will have heard what my hon. Friend said. I am grateful for it, too.

I am speaking on behalf of England in this respect. As the Department of Health, we administer the payments system. We had to reach the decisions and we have done so. We always intended to do so as rapidly as we could

for England, but as I explained in my statement, these decisions have yet to be made by the devolved Administrations. It is reasonable for them to see the review report that I am publishing today, not least the clinical expert review that goes with it, in order for them to make their own decisions. Those are decisions that they must make, but if they wished us to continue to administer the system on the same basis across the United Kingdom, we would be happy to do so.

Diana Johnson (Kingston upon Hull North) (Lab): In the debate on the subject in the autumn, the Under-Secretary of State agreed to speak to her colleagues in the Department for Work and Pensions about the changes to benefits and how those would affect people who had received contaminated blood products. Can the Secretary of State give any guarantee about passporting people affected by the changes in benefits so that they do not lose out and have to go through a further set of medicals?

Mr Lansley: I am grateful for that. This is not a response to precisely the question that the hon. Lady asks, but Lord Archer made a point about whether payments should be made through the Department for Work and Pensions. We do not see that any tangible benefit would flow from that.

Chris Bryant (Rhondda) (Lab): That was not my hon. Friend's question.

Mr Lansley: No, I acknowledged that. I will of course respond to the hon. Lady, but I think it better for us to administer all the payments through the system that I have set out. As I say, they will be disregarded for the purposes of calculation of benefits, so to that extent they will not impact adversely on current benefits.

Jason McCartney (Colne Valley) (Con): Having spoken in the debate in October and having asked a question in Prime Minister's questions in November, I very much welcome a number of elements in the Secretary of State's statement, particularly those on free prescriptions and counselling help. Will he, however, promise to meet the Taintedblood campaigners and perhaps even to look at the overall level of compensation?

Mr Lansley: May I say two things to my hon. Friend? My hon. Friend the Under-Secretary has met those groups and will continue to meet them, because we want to ensure not least that those who are now eligible for enhanced payments and so on make proper applications. We have looked very carefully with the clinical expert group at the support that we ought to give. It is not compensation as such; it is an ex gratia form of support. We have made judgments, and if we were to go further, there would be significant additional costs. My hon. Friend the Under-Secretary and I have made it clear to the House in the past that to provide payments on the scale of the Republic of Ireland might involve up to, or perhaps even in excess of, £3.5 billion a year, so I am not in a position to say to my hon. Friend the Member for Colne Valley (Jason McCartney) that I expect to go beyond the support that I have set out today.

Mr Andy Slaughter (Hammersmith) (Lab): It is to be regretted that the review's terms of reference were so narrow, as it did not consider overall levels of compensation or HIV. If the Secretary of State believes that the Republic of Ireland case is simply too expensive, will he please say so and not rely, as the Department has, on either the idea that the Taintedblood campaigners and others are asking him to look at that and tying us to the Irish system, or the idea that they are asking us effectively to look at those levels of compensation because negligence was involved? That was not the case in Ireland. Is not the result likely to be more litigation? The levels of remuneration are still far too low.

Mr Lansley: With respect to the hon. Gentleman, in response to previous questions I made it very clear that the question was not simply about the amount of money. The situation in the Republic of Ireland is unique in respect of its determination of liability because of mistakes made by the Irish Blood Transfusion Service. To that extent, we are making ex gratia payments. The nature of our payments stands comparison to other countries, particularly now, in respect of hepatitis C and my announcements this afternoon.

Jenny Willott (Cardiff Central) (LD): I really welcome today's statement and, in particular, the apology, which will go a long way to ease some of the pain that some of the victims have suffered. Proper support for those infected with hepatitis C is also long overdue. Gareth Lewis, who was a leading Taintedblood campaigner—I believe he met the Under Secretary—tragically died just before Christmas, only a few months after his brother, Haydn, whom the hon. Member for Hackney North and Stoke Newington (Ms Abbott) mentioned. That highlights the urgency of my question. Governments are not known for moving quickly, particularly when it involves handing out money, so will the Secretary of State reassure us that everything that can be done will be done to ensure that the payments announced today are made as soon as is humanly possible?

Mr Lansley: May I pay tribute to my hon. Friend, who has on many occasions spoken up on behalf of her constituents and others who were affected by the tainted blood and blood products? The answer to her question is yes—absolutely we will. When we came into office, we were determined to implement the review. As she said, we sought to complete the review before Christmas—technically speaking, we did, but we were not in a position to announce it before Christmas. We are doing this at the first available moment, and we will do everything that we possibly can to ensure that potential beneficiaries are notified and reached as quickly as possible so that the payments are in place as soon as possible.

Chris Bryant (Rhondda) (Lab): It would be one of the greatest catastrophes if what happened were able to happen again. That is why it is so vital that the Government constantly keep under review the policy on donating blood. As the Secretary of State will know, men who have had sex with men are one of the categories of people who are not able to give blood at the moment, and that seems intrinsically unfair and prejudiced. I urge the Secretary of State to look only at the scientific evidence in the ongoing review; that, and not any other political consideration, is the basis on which the decision should be made.

Mr Lansley: Yes, I entirely agree.

Andrea Leadsom (South Northamptonshire) (Con): I have to say that I am a bit disappointed; I am not sure whether today's announcement will give closure to many people. A constituent of mine told me about a very good friend of his who died in Spain over Christmas. Sadly, his family could not afford to bring the body home, so he had to be cremated in Spain. Under the circumstances, it is very important that the ex gratia payments, available through the new charity to be set up, take into account the tragic and particular problems of individual sufferers.

Mr Lansley: Yes, indeed. I know that they will; that is one of the reasons why, in addition to the lump sum payments and annual payments that I have announced, we wanted to ensure that there was scope for discretionary payments based on individuals' needs.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): May I take the Secretary of State back to the point raised by the hon. Member for Cardiff North (Jonathan Evans)? It is rather surprising that there has not hitherto been any discussion with the devolved Administrations. If such payments are to be made in Scotland and Wales, is it anticipated that they will be made out of existing budgets? How will the matter be handled?

Mr Lansley: What I have announced today will, of course, be funded from the Department of Health's budget in England and the matter would be a responsibility for the devolved Administrations in relation to their budgets —from within the budgets set through the spending review.

David Tredinnick (Bosworth) (Con): I, too, congratulate my right hon. Friend. I also congratulate the Under-Secretary of State for Health on all the work that she has done. The statement deals with what Lord Archer called the worst treatment disaster in the history of the national health service. It has to be said that the last Labour Government could have dealt with this, but they did not.

Following the comprehensive package that he has announced, will my right hon. Friend assure us that he will take active steps to contact the families of the bereaved and that no stone will be left unturned in making sure that all those who should have payments receive them?

Mr Lansley: I give my hon. Friend that assurance. We will take all the steps that we possibly can, not least on behalf of the bereaved families of those who died before 29 August 2003. That anomaly, among others, ought to have been rectified long ago.

Owen Smith (Pontypridd) (Lab): I, too, welcome the statement—in particular the serious and commendable way in which the Under-Secretary of State has dealt with this important issue. However, the people who really need to be congratulated today are the campaigners such as the family of my constituent Leigh Sugar.

I take the Secretary of State back to his comment that the measure will apply to England only. Will he explain the rationale for that? The previous schemes applied to England and Wales, although they predated devolution. Is he saying that no additional funds will be available for Welsh patients, under the Barnett consequentials, to provide similar funding in Wales?

Mr Lansley: I share the view of the hon. Gentleman. Today the people who should feel that we are expressing our support are those who have been harmed and their families. Those are the people whom we are really supporting today. I hope that they will feel that although not everything that they have hoped for is being provided, we are at least making very substantial progress and doing a great deal to show recognition of the harm that occurred to them.

At this Dispatch Box, I speak on health matters for England; I do not speak for Wales and I am not in a position to say what the decisions of the devolved Administrations are. I have set out what we are going to do in England. We are funding the measure from within allocated budgets, so no Barnett consequentials flow from it. These matters will be determined within each of the other Administrations in respect of whether they wish to share in the arrangements that I have described.

Mr Adrian Sanders (Torbay) (LD): There cannot be a Member of this House who does not have at least one constituent who is affected or who knows someone who is affected by this. I am sure that every hon. Member would like to congratulate the Government on the statement. Will the Secretary of State give an assurance that the bureaucracy needed to process matters forward has been looked at, so that it is kept to a minimum?

Mr Lansley: Yes, we have done that. My hon. Friend is absolutely right: hon. Members will have met constituents or the families of constituents who have been harmed, or the families of those who died. I hope that hon. Members will take the opportunity to bring the terms of today's statement to their attention, so that people can access the additional support at the earliest possible opportunity. We will seek to do what my hon. Friend mentions. What I am describing builds as far as possible on existing mechanisms and, with the exception of the new discretionary trust, will not create any additional bureaucracy.

Several hon. Members *rose*—

Mr Speaker: Order. I am well aware of the strong interest of the hon. Member for Coventry North West (Mr Robinson) in this subject and his track record on the issue in the House. The reason I have not called him and was not intending to call him is that, as far as I am aware, he was not here for the start of the statement. If I am wrong, I am happy to concede I am wrong. However, if I am right, that is the way it has to be for today. The hon. Gentleman is a very experienced parliamentarian and I am sure he will find other ways to make his point when he wants to make it.

Dr Phillip Lee (Bracknell) (Con): I welcome the Secretary of State's statement. In October's debate, I drew attention to the figure quoted of £3.5 billion that the Irish compensation scheme would cost and was concerned about its accuracy. The information was placed in the Library and, to justify it, it was indicated that there had been informal discussions. I have since found out that that was an unminuted telephone call. When I pointed that out, I was assured there would be further conversations with Republic of Ireland officials. Will he confirm that those took place and, if details are available, can they be placed in the Library?

Mr Lansley: My hon. Friend will know from the response that my hon. Friend the Under-Secretary gave to October's Back-Bench debate that we intended to place a note in the Library. We have done so. She has had further occasions to discuss these arrangements with colleagues in the House. The discussions between my officials and officials in the Republic of Ireland have confirmed that a figure of about £750,000 is not inappropriate as an estimate of the level of compensation per individual paid in the Republic of Ireland. That would support the view that we took in the House that the cost of providing compensation, if one were to do so, on the scale required in the Republic of Ireland would be in excess of £3 billion. As I said to the hon. Member for Hammersmith (Mr Slaughter), it is not on the basis of cost alone that we have reached that view; it is on the basis that the circumstances in the Republic of Ireland are unique and do not apply in this country. Therefore, we have assessed the case for support on the basis of the circumstances here and on an ex gratia basis, not on the basis of liability and consequent compensation.

Stephen Barclay (North East Cambridgeshire) (Con): I also thank the Minister for the welcome measures announced in the statement and for the progress that has been made after so long. May I return to the average figure of £750,000, because there is a concern that that figure could be confusing the average and the mean? If we take a figure between 500 and a million and say that it is the average, it does not provide an average figure. Such an approach is akin to saying that the price of a car ranges from £10,000 to £1 million and therefore the average price of a car is £500,000. In relation to the discussions that the Minister has had with officials in Ireland, will he confirm that the total paid in Ireland—the total payment in terms of Irish settlements on this matter—is less than £1 billion?

Mr Lansley: As I have said in response to previous questions, I pay tribute to the work that my hon. Friends have done in support of their constituents and others. It is not simply a question of trying to calculate what the level of compensation is in Ireland; that is not the issue. We are not making a comparison with Ireland; we are making a judgment. In this case, we have especially done so in relation to hepatitis C, on the basis of the report of the clinical expert group, to try to assess the level of harm and the consequences that have flowed from the transfusions that took place, albeit that in this country the NHS acted on the basis of its best efforts to provide the best possible care for patients. The Republic of Ireland is a unique, and quite distinct, case in that because of mistakes made, a finding of liability was arrived at which leads to compensation. In our case, we are not in that position. We are in the position of recognising the harm and distress that has occurred and, through an ex gratia scheme, providing support to those who have been harmed and their families.

Duncan Hames (Chippenham) (LD): I thank the Secretary of State for bringing the Government's deliberations on the issue to this conclusion. Will he reassure the House that those experiencing the symptoms of advanced liver disease who received contaminated blood will not in all cases be required to have a liver biopsy in order to demonstrate and establish their eligibility for these payments?

Mr Lansley: No, they will not. From our point of view, eligibility will simply be based on a diagnosis of their condition.

David Mowat (Warrington South) (Con): I, too, welcome the statement, particularly the attempt to get better parity between HIV and hepatitis C. However, I remain slightly concerned about the definition of stage 2. What proportion of hepatitis C complainants does the Minister expect to progress to stage 2? He must have estimated that number in order to put a financial amount on the settlement.

Mr Lansley: I regret that I cannot give such an estimate to my hon. Friend. The estimate that I have given is a range that extends from £100 million to £130 million during the life of this Parliament. If one were to go beyond that period, the parameters of the range would widen, not least because we do not, and cannot, know to what extent this infection is likely to progress to the second stage of these diseases.

Charlotte Leslie (Bristol North West) (Con): I very much welcome much of what has been said in the statement, particularly the fact that the decision has been made to force closure on an issue that has been going on for so long. One of the things that has upset so many of the sufferers is not only that such a scandal happened but the subsequent failings, as they would see it, not of Government but of the Department of Health in being clear and transparent during those years in providing information on exactly what happened. Will the Secretary of State give an assurance that he will have to provide information to help those people who are still affected when they ask questions, perhaps through freedom of information requests, about what occurred in the past?

Mr Lansley: May I once more express my thanks to my hon. Friend for having been a forceful advocate in these matters? The answer to her question is yes, not least because my hon. Friend the Under-Secretary has been very open and willing to talk to everybody concerned, and she will continue to be so, because we are determined to give people confidence that we have not only exercised what we believe to be a responsible and reasonable judgment in these matters but are doing so in an open and transparent fashion.

Points of Order

4.39 pm

John Mann (Bassetlaw) (Lab): On a point of order, Mr Speaker. In a statement given to this House in December, the Under-Secretary of State for Justice, the hon. Member for Huntingdon (Mr Djanogly), circulated a list of courts to be closed which stated that the county court services in Worksop would transfer to Worksop magistrates court. To clarify that that was the case, I asked him a question from these Benches, and he confirmed to the House that it was so. It has subsequently come to light not only that that information provided orally to the House and in writing was inaccurate, but that exactly the opposite is happening, and that the county court services are to transfer away from Worksop court. I am sure that this was not an attempt to mislead the House but a bureaucratic cock-up of some kind by civil servants. Will you advise me,Mr Speaker, on how the Minister can best rectify this situation whereby his civil servants have clearly not carried out his instructions as outlined to the House?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order and for his giving me notice of it. From that notice—the letter that he sent to me before Christmas—I am well aware of his concern on this matter, which he has reiterated forcefully this afternoon. There is a mechanism for the correction of ministerial replies where necessary. That observation will have been heard by those on the Treasury Bench and, I trust, in the relevant Department. The hon. Gentleman can seek advice from the Table Office on how to pursue this matter, and I rather imagine that he will. I note that Ministry of Justice Ministers are answering oral questions tomorrow. I hope that that response is helpful.

Helen Goodman (Bishop Auckland) (Lab): On a point of order, Mr Speaker. You will be aware of the serious riots in Ford open prison during the parliamentary recess. The Government have set up an inquiry to consider the causes and what lessons can be learned. I would be grateful if you could ensure through your good offices that when the inquiry comes to a conclusion, Ministers come to the House to make an oral statement on the findings, and do not simply rely on a press notice or leaks to the newspapers.

Mr Speaker: I am grateful to the hon. Lady for her point of order. The means of communication of Government conclusions is a matter for the Government—that is to say, it is not for me to specify that there be an oral rather than a written statement. Her plea will have been heard by those on the Treasury Bench. More widely on this important issue, I reiterate a point that I made in response to the previous point of order, namely that Justice questions will be answered tomorrow. I doubt that it will be beyond the wit and dexterity of hon. Members to raise this matter if they so wish.

Mr Geoffrey Robinson (Coventry North West) (Lab): On a point of order, Mr Speaker. I in no way seek to challenge your ruling, but wish to explain to you and the House that I was delayed by seeking to speak to a constituent who is a double infectee of hepatitis C and AIDS, who has suffered greatly and who has been very active in the campaign, to discuss the very issues that were the subject of the statement by the Secretary of State for Health. I will be in touch with the Secretary of State in writing to raise the points that I would like to have raised.

Mr Speaker: I am grateful to the hon. Gentleman. That was not a point of order, but it might be described as a point of courtesy, and the House is grateful for it.

Mr David Winnick (Walsall North) (Lab): On a point of order, Mr Speaker. There is a good deal of disquiet over the proceedings against six demonstrators. The case has been dropped because the police were very reluctant to give information about an undercover agent. It is not unknown, of course, for police officers to act as undercover agents, and in many cases it is perfectly justified, such as in terrorism cases that safeguard our country. It appears that the police constable in this case was not just an undercover agent; he has more or less admitted that he was acting as an agent provocateur—there is no other way to describe it. Is there any way in which the Home Secretary can be asked to make a statement on this case, which as I said is creating a good deal of disquiet?

Mr Speaker: It is up to a Minister in the Home Office or another relevant Department to decide whether to make a statement. On the face of it, this seems to be good material for a business question. The hon. Gentleman might want to raise the matter at the appropriate slot on Thursday. That is the best that I can offer him at the moment.

Stewart Hosie (Dundee East) (SNP): On a point of order, Mr Speaker. Has the Business Secretary asked to make a statement on Royal Mail's deployment of what it calls the "Way Forward" system of working? Its roll-out in my constituency has been shambolic for nearly two months, with many constituents receiving mail late or not at all. What powers do you have to compel the Secretary of State to take questions on that matter before the system is deployed elsewhere in the country?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. I think he well knows that I have no such powers, but it is decent of him to think that I might be granted them. I say to him that the Secretary of State for Business, Innovation and Skills and his colleagues will, if memory serves me, answer oral questions on Thursday. I look forward with interest and enthusiasm to seeing him in his place on that occasion.

Mr Andy Slaughter (Hammersmith) (Lab): On a point of order, Mr Speaker. On 20 December, the day before the House rose, the Secretary of State for Transport made a statement on the route of the high-speed rail network and said that the main interchange would be at the Old Oak Common depot in my constituency. He visited that depot before coming to the House. Although that is the largest ever civil engineering project in the area, he did not inform me of that visit. He did, however, inform the press, to which he made statements; the local Conservative party, which then publicised the visit; and the local authority. Given that that appears to have breached not only the custom of informing Members but those of not making statements before coming to the House and of not using announcements to party advantage, can you help me understand how it can be prevented from happening in future?

Mr Speaker: I am grateful to the hon. Gentleman for that point of order, and I appreciate the importance of the issue to his constituency and a great many others. Major announcements should be made first in the House. The exact mechanics by which Ministers inform all the interested parties are not necessarily a matter for the rules of the House, but I suggest that he draw the matter to the attention of the Procedure Committee, which is considering ministerial statements.

More widely, if I have understood the hon. Gentleman correctly, I simply reiterate what I think most colleagues understand and try to apply, namely that there is a convention that a Member, including a Minister, visiting the constituency of another Member notifies the Member whose constituency is being visited in advance, and preferably in a timely way so that that Member has proper notice of it. I hope that that is helpful.

Armed Forces Bill

Second Reading

4.47 pm

The Secretary of State for Defence (Dr Liam Fox): I beg to move, That the Bill be now read a Second time.

I take this opportunity to wish Members on both sides of the House a very happy new year.

Before we start today's debate, the House will want to pay tribute to Corporal Steven Dunn from 216 (Parachute) Signal Squadron, attached to 2nd Battalion the Parachute Regiment Battlegroup; Warrant Officer Charles Wood from 23 Pioneer Regiment Royal Logistic Corps; and, from the Argyll and Sutherland Highlanders, 5th Battalion the Royal Regiment of Scotland, Private Joseva Vatubua, who all died following actions in Afghanistan. My thoughts and prayers, and I am sure those of the whole House, are with their families and friends at this very distressing time for them.

The Ministry of Defence usually brings forward an armed forces Bill once every five years, so this is a relatively rare parliamentary occasion for the Department. Many of us who have been involved with defence for some time remember the last Armed Forces Bill, now the Armed Forces Act 2006, which established a single system of service law for the first time. Hon. Members will remember that it was a very large Bill. I remember it well, as Second Reading was three days after my appointment as shadow Defence Secretary and I spent three frantic days coming to terms with its complexity. Feedback from the services following its implementation has confirmed that it was a good Bill and is proving a good Act in practice. I pay tribute to those on both sides of the House who worked on the Bill through its long and difficult process and helped to introduce the changes that have made it so successful.

Perhaps not surprisingly, this Bill is considerably smaller. In its own way, however, it too is an important piece of legislation. It continues a series of armed forces Bills that stretch back to the Bill of Rights of 1689, which enacted that the keeping of an Army in time of peace shall be against the law

"unless it be with consent of Parliament".

So one of the Bill's most important functions is providing the legal basis for the armed forces to continue to exist.

As the Ministry of Defence normally has a Bill only every five years, there is a tendency to aggregate proposals that require primary legislation until the next one comes along. Consequently, armed forces Bills sometimes cover a much wider range of topics than service discipline, which is traditionally the main subject. The Bill is an instance of that practice. It contains eight main groups of clauses.

The first group of clauses deals with renewal, and the second with the armed forces covenant. I will speak about those groups in a few moments. The third group covers the service police forces and the Ministry of Defence police. The fourth relates to powers of entry, search and seizure. The fifth provides for testing service personnel, in specified circumstances, for alcohol and drugs. The sixth relates to punishments and other court orders. The seventh makes a small number of changes to the Armed Forces Act 2006. The eighth makes amendments and repeals other primary legislation.

Angus Robertson (Moray) (SNP): The Secretary of State knows that there are no provisions to deal with the closure or realignment of military facilities, which are currently considered by the Ministry of Defence, in secret, or to support communities after bases are closed. In contrast, the United States, through legislation, has a transparent process, which is managed by a commission. There is a vote on Capitol hill, and an agency that helps communities that are affected by closures and realignment. Why does the UK not emulate that? Will the Government consider including provisions to achieve that in the Bill?

Dr Fox: The hon. Gentleman well knows that the Government are examining basing, and will report to Parliament in due course. I believe that it is not a matter for the Bill.

Clause 1 provides for renewal of the legislation, which would otherwise expire in November. It allows the legislation to be renewed each year through an Order in Council, which must be debated and approved by both Houses of Parliament. However, the clause also provides that renewal by Order in Council may be done for a maximum of only five years, after which the Act must once again be renewed by primary legislation. The effect is that the legislation governing the armed forces will expire no later than 2016, unless it is renewed before then by primary legislation. That rightly provides for parliamentary scrutiny. In effect, it is the mechanism whereby parliamentary control over our armed forces is exercised.

I wish to focus on four topics: the armed forces covenant; the independence of the service police forces; testing for drugs and alcohol, and the appointment of civilian prosecutors. I believe that they are likely to be the subjects of greatest interest to hon. Members during the Bill's passage.

I should like to begin with the clause that refers to the armed forces covenant. Since coming to office, the coalition Government have confirmed their commitment to rebuilding the covenant, to do the right thing by the men and women who have joined our armed forces, today and in the past, together with their families.

Bob Russell (Colchester) (LD): I thank the Secretary of State for his recent visit to 16th Air Assault Brigade in Helmand province and for his generous words there and on his return.

The Secretary of State will know that I put a question to the Prime Minister only a few weeks ago about whether it was fair for war widows to pay tax on their war widows' pensions. Will that requirement be removed as part of the covenant?

Dr Fox: No, not as part of the Bill. However, while the Bill sets out the framework for the covenant, there are ample opportunities in Parliament to change any of the rules and regulations that relate to the armed forces in several ways, through the usual procedures available to the House.

As the House will know, my right hon. Friend the Prime Minister has spoken of the Government's desire to enshrine the covenant in law. We have been considering the best way to do that. Our starting point is that the armed forces covenant is fundamentally a moral obligation on the Government, the nation and the armed forces. It is an agreement between the armed forces and the whole nation, not just the Government. It can never be defined by a host of rules and regulations, designed to tell everyone exactly what to do in every circumstance. Certainly, as I have just said to my hon. Friend, when rules need to be changed, we will do so. However, generally the people of this country know how service personnel should be treated, and our task is to create the right framework for that to happen.

Chris Bryant (Rhondda) (Lab): The Secretary of State will know that I entirely agree with him about the moral imperative behind the covenant. Some 9% of the armed forces personnel come from Wales, yet only 2% of the armed forces personnel are based in Wales, and that is one of the things that makes it more difficult to have continuity of care for those people once they have left the armed forces. Will the Secretary of State look carefully at basing more of the armed forces personnel in Wales so that that continuity can be maintained, and how will he ensure that the relationship with the Welsh Assembly Government, who have responsibility for health care, education and housing, is maintained?

Dr Fox: I will come on to the issue of the devolved bodies in a moment, but the hon. Gentleman is trying to get me on to the basing debate again. The primary duty of the Government is to ensure that the armed forces are laid out across the United Kingdom in the way that is most beneficial to the defence of the country. However, if the hon. Gentleman is looking for a champion of the cause of the armed forces being tied to the whole concept of the Union, he does not have to look much further. I believe that as we have units that represent the whole of the United Kingdom, we should look, where possible, to ensure that we have basing across the whole of the United Kingdom; but, as I say, the primary responsibility of the Government is to ensure that bases are allocated in a way that makes the greatest sense in terms of the wider defence of the country.

The armed forces covenant is of such importance that it needs to be brought properly to the attention of Parliament. We propose to do this not through long and complex legislation, but through the mechanism of an annual forces covenant report. The relevant clause in the Bill will require me to lay a report before the House every year on the effects that membership of the armed forces has on service people. I have no doubt that the House will wish to take notice of that annual report and undertake whatever scrutiny it considers appropriate.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): During evidence-taking with the Howard League for Penal Reform, one ex-chief of the armed forces suggested it might be a good idea if there were a Minister within the Cabinet Office with cross-cutting responsibilities dealing with veterans, because the issues involved here are far broader than health, education and so forth. Will the Government consider that at some point?

Dr Fox: The Government are certainly considering better cross-departmental working on these issues. To be fair to the previous Government, they did begin some of this work to see how there could be better co-ordination across Whitehall. We have a number of pieces of work under way, not least from my hon. Friend the Member for South West Wiltshire (Dr Murrison), looking at how we can better co-ordinate what is happening in

health and social services, for example, with what the Ministry of Defence intends to do. The hon. Gentleman is proposing the same end as that which we seek, but the means by which we achieve it may be open to some debate between us.

Mr Bob Ainsworth (Coventry North East) (Lab): The Secretary of State will be aware that the Royal British Legion has written to some, if not all, Members about its concerns about the process he is putting in place. When we undertook the service personnel Command Paper, we were anxious not only to improve the relationship between the armed forces and different Government Departments, but to put in place a mechanism that made sure that that did not fall into disrepair and that the situation was independently updated. The RBL is worried that the mechanism the Secretary of State is proposing effectively takes over from that, and does away with the independent reporting mechanism brought in by the Command Paper for the reference group to report on an annual and a five-yearly basis on the need for improvements to what we might call the covenant. Will the Secretary of State respond to that, because it is of concern to the British Legion as well as to me?

Dr Fox: I believe the concerns set out in the letter from the British Legion that all Members will have received are unfounded. We intend to build on that independence in respect of the external reference group, and I will be happy to discuss exactly how that will feed into the new process with the British Legion throughout the passage of the legislation. We all want the same thing: we all want there to be proper scrutiny of what Government, across the whole of government, do in terms of our service personnel. I hope we can maintain that independent element, and we can discuss with the British Legion how that feeds into the report that will ultimately come to this House. I am very open-minded about how we do that, but I do want to maintain this element of independent reporting so that when the House receives the report from the Secretary of State it is able to access as much information as possible not just from the Government, but externally sourced as well. I think that any belief that seems to have come from the legion on that is misplaced. The Government intend to be as open as possible during the entire process, and will certainly be happy to discuss the matter during subsequent stages of the Bill, and to discuss with the bodies involved how we can best make this happen.

Dr Julian Lewis (New Forest East) (Con): While we are on the subject of cross-departmental responsibilities, will my right hon. Friend say a word, in particular, about mental health issues, about which I know he is concerned? I believe that I am right in saying that the average time for serious post-traumatic mental health issues to emerge is about 14 years after leaving the service, which inevitably means that Departments other than his own will have to be involved in care and welfare. Does he have any observations to make on that?

Dr Fox: I would like gently to correct my hon. Friend's statistics: complex post-traumatic stress disorder can emerge up to 14 years afterwards; 14 is not the average figure, and in fact it is often much earlier than that. However, he is correct that there is a time spectrum involved here, which is why it is essential that we have in place mechanisms to deal not only with those who present acutely, but with those who present at a much later date. We shall be undertaking further work and research to ensure that the mechanisms we put in place to deal with that are fully informed by the objective evidence of the science of the day.

I reiterate what I have said in the House before: we are seeing a modest increase in the number of cases of PTSD. We have seen them related to conflicts as long ago as the Falklands; we have seen them from the Gulf war; and we are bound to see them from Iraq and Afghanistan, and if we are not able to deal with those issues and put in place the mechanisms for dealing with them adequately, we will let down not only those who have put themselves at risk for our country's security, but the country itself. As I said before, I believe that still in this country mental health is too much of a Cinderella service in health care in general. We must not allow that to happen in the armed forces, especially for those who have been willing to sacrifice themselves for us.

Sir Menzies Campbell (North East Fife) (LD): I am most grateful to the Secretary of State for giving way; he is being characteristically generous in doing so. He will be aware that the Bill places upon him a duty to lay a report before the House of Commons on health care, education and housing, and that he has a discretion to go beyond those topics—that is expressly provided for. In view of what he has just said about health care being a Cinderella subject, would it not be appropriate to put it in the Bill as a topic upon which he has a duty, like other duties, to report in express terms to the House?

Dr Fox: It is clear that the Government intend such a report to include health care, housing and education. However, my right hon. and learned Friend will not be surprised to hear that I would happily be tempted into other areas within the discretion that the Bill allows. That is an absolute minimum. The country would expect us to look at wider and interrelated issues, if we are to offer the degree of scrutiny that the House and the country would want on this subject.

Clause 2 provides for what the Secretary of State must cover in his report, and as my right hon. and learned Friend said, effects on health care, education and housing will normally be addressed in it. There are perennial issues that I believe will always be important to the service and ex-service community, and those are among the foremost. Other issues will emerge at the time, so the Bill provides for flexibility, and I will want to consider other issues as they emerge.

There is also the question about who is covered in the Bill. The Bill refers to a broad span of people. The total number of serving and former personnel and their families is about 10 million—one in six of the population of this country. For ex-service personnel, the Bill specifies an interest in those who are resident in the UK. Again, that does not prevent a Secretary of State from covering relevant issues for those who live abroad, although many aspects of their lives would be matters for their own Governments.

The Bill—rightly in the Government's view—says little about how the annual report will be prepared, but as I said in response to the right hon. Member for

[Dr Fox]

Coventry North East (Mr Ainsworth), we intend to consult widely and to ensure that there is rigour and independence in the information that is ultimately put before the House through the Secretary of State's report. My intention, as Defence Secretary, will therefore be to consult widely with interested parties, inside and outside Government, in preparing a report. Charities and devolved Administrations will have much to contribute, as too, no doubt, will Members of the House of Commons.

I also believe, however, that the report will evolve over time. We are breaking new ground, and we will learn from experience, listen to comments and move forward together in a positive way. I am clear that that is the right way to proceed, rather than making the legislation excessively prescriptive.

The Bill also contains a group of clauses that will further buttress the independence and effectiveness of service police investigations. I am delighted that shortly before Christmas the High Court gave a strong endorsement of the ability of the service police to investigate, under the Armed Forces Act 2006, the most serious allegations. Nevertheless, we want to be sure that the independence and effectiveness of service police investigations have all the safeguards we can reasonably provide.

The first clause in the group places on each of the three provost marshals—the heads of the service police forces—a duty to ensure that service police investigations are carried out free from improper interference. The second clause provides for the service police to be inspected by Her Majesty's inspectorate of constabulary. The inspectorate has previously inspected the service police on a voluntary basis, but the clause places an obligation on it to carry out inspections of the service police and lay its reports before Parliament. The third clause provides that the three provost marshals will in future be appointed to their positions by Her Majesty the Queen. Once again, that recognises and reinforces their independence from the service chains of command when carrying out investigations. In making these changes, we seek to ensure that the service police will continue to carry out to the highest standards their role as a part of the armed forces but one that is independent of the main chains of command, and I believe that the provisions in the Bill will do just that.

Mark Lancaster (Milton Keynes North) (Con): Given the harmonisation of military law across the three services, does the Secretary of State feel that perhaps the time has come to be bolder? Why do we still need three separate police forces within the armed forces? Why can we not have one military police force, given that all these forces now undertake training together?

Dr Fox: I know that this issue was examined by the previous Government, as it has been by this Government. The view that has been taken is that because there are differences between the three services this approach is culturally the best way to go about things. If my hon. Friend has very strong views on this, I am sure that he will be willing to bring them to the House, perhaps in the form of an amendment, during the passage of the Bill. That would give us a chance to debate the merits and demerits of this approach further. There are undoubtedly arguments on both sides and the Government have just decided that, out of due respect for the differences between the services, this was the best way for us to continue to proceed.

Other provisions in the Bill introduce a new regime under which service personnel commit an offence if they exceed an alcohol limit while carrying out certain duties. The limits and duties will be prescribed in regulations subject to the affirmative resolution of both Houses. The Bill also contains provisions allowing commanding officers the flexibility to test on a case-by-case basis in two circumstances. One is where they have reasonable cause to believe that a service person's ability to carry out a prescribed duty is impaired due to drugs or alcohol. The other is where they have reasonable cause to believe that such a person is in breach of a limit on alcohol specified in regulations in relation to particular duties.

The main reason behind those changes is to increase safety and to act as a deterrent, and I wish to explain to the House why that is. When Parliament approved the Railways and Transport Safety Act 2003 and regulations were made under it, the provisions were not extended to the services because they were considered to be too restrictive, given that so many service personnel are engaged in potentially dangerous activities in the course of their employment. That exemption had wide cross-party support at the time. Against that background, the then Government gave an undertaking that a bespoke scheme would be created for the armed forces. Policy development was too immature for proposals to be included in the last Armed Forces Bill and progress had since stalled due to a lack of a legislative vehicle, so I am pleased that such a scheme is included in this Bill. The provisions in this group are important, because they are aimed at creating a safer environment when service personnel are carrying out safety-critical tasks in the course of their employment, both generally and when on operations. Rather than limiting commanding officers to acting after an incident has taken place, as happens at present, the changes in the Bill will allow commanding officers also to act earlier in the future. One of the concerns that I expressed during the passage of the previous Bill was that it might reduce the freedom and discretion of commanding officers. A number of changes in this Bill go to redress that in some way.

Bob Stewart (Beckenham) (Con): As a past commanding officer, I think that it is an extremely good thing that more power be given back to commanding officers, including discretionary power. I think particularly of warrant officers who offend. It has been mandatory to reduce such officers to the ranks, but if they have done 20 years in the armed forces, that will have a deep effect on their pensions, for example. Therefore, this is a good change to the Armed Forces Act 2006 and I congratulate the Secretary of State on introducing it.

Dr Fox: I am grateful to my hon. Friend for his comments. The change that he refers to will not only give discretion but provide a sense of proportion and justice in dealing with such issues. The idea of a draconian, one-size-fits-all punishment is not in line with the traditions of this country or the armed forces. This is a sensible change that will command support on both sides of the House.

At present, the Director of Service Prosecutions is allowed under the Armed Forces Act to delegate his functions only to legally qualified service officers. As a result, the prosecuting staff at the Service Prosecuting Authority are all service lawyers. Given the small number of service lawyers and the competing pressure on them, the Director of Service Prosecutions has asked for a provision to be added to the Bill to allow civilian lawyers to be appointed to posts in the Service Prosecuting Authority.

The burden of the cases referred to the Director of Service Prosecutions and the complexity of those cases may continue to increase. The service police continue to investigate allegations of serious criminal offences, including sexual offences, fraud and computer-based crime; and allegations arising out of operations in Iraq and Afghanistan. The decisions taken to prosecute or not to prosecute, especially those cases where there is an operational context, are often finely balanced and involve difficult prosecution decisions.

The change is being made as a reasonable precaution to allow the Director of Service Prosecutions the flexibility to appoint civilian prosecutors. That will be done only if it becomes necessary in order to ensure that the Service Prosecuting Authority continues to have access to an adequate number of prosecutors with the necessary professional skills. All those involved greatly value the benefits of Service Prosecuting Authority lawyers being current serving officers. There is no intention to move to a completely civilian authority.

The Director of Service Prosecutions acts independently of my Department and comes under the general superintendence of my right hon. and learned Friend the Attorney-General. It would be for him to decide if such a change were needed. There has been an exchange between my Department and the Attorney-General setting out the circumstances in which the provision would be brought into force. As part of that, it is clear that there would be consultation between our two Departments before any action were taken.

I believe that our Armed Forces are among the best, if not the best, in the world. One of the reasons that they are so good is that they conduct themselves with great discipline. It is something for which our armed forces have a deserved reputation throughout the world. The Bill helps to underpin that discipline. It will ensure that our armed forces continue to have a fair and modern system of service justice that underpins the operational effectiveness of which we are all in the House rightly proud. I commend the Bill to the House.

5.14 pm

Mr Jim Murphy (East Renfrewshire) (Lab): I join the Secretary of State in wishing you, Madam Deputy Speaker, Mr Speaker and the whole House a happy and healthy 2011.

I welcome the opportunity to speak in today's debate on the Bill. The Armed Forces Act 2006 was a watershed for the military disciplinary system and I am glad to have the opportunity to renew and improve it through this Bill. Before I do so, I want to do what the Secretary of State rightly did and make a comment or two about Afghanistan.

As we gather after the new year recess, during which we enjoyed the company of and time with our families and loved ones, it is a time for us to remember how fortunate we are for the peaceful lives that we and, for the most part, our constituents lead and to reflect on the sacrifices that others make on our behalf to enable us to enjoy the opportunities that we do. Upwards of 10,000 men and women serving in Afghanistan did not spend Christmas with their families but, rather, stood up against an enemy that wishes to destroy all that we hold dear. The whole House will rightly thank them and send them our deepest and best wishes.

Tragically, for some families that absence is now permanent. Our thoughts are with the families and friends of those who have died in the service of our country over the Christmas and new year period: Private Joseva Vatubua of 5th Battalion the Royal Regiment of Scotland; Warrant Officer Charles Wood of 23 Pioneer Regiment the Royal Logistic Corps; Corporal Steven Dunn from 216 (Parachute) Signal Squadron, attached to 2nd Battalion the Parachute Regiment Battlegroup; and Private John Howard from 3rd Battalion the Parachute Regiment. Their patriotism, courage and dedication are unsurpassed. They will always be remembered by their friends and family and should never be forgotten by this House.

On Afghanistan, I want to say to this House, our forces and, importantly, our enemies that the Government will always have the support of the Opposition when they do the right thing to support our service personnel. We will continue to conduct debates on Afghanistan, in particular, in a spirit of comradeship, for that is in the national interest above all party interest.

The Armed Forces Bill is important and I am glad to have the opportunity to debate the issues that arise from it. The 2006 Act consolidated and modernised all the previous service discipline Acts and replaced them with a single system of service law that amounted to a complete overhaul of legislation on military law and service discipline. The Bill is, as the Secretary of State said, an important continuation of that Act that makes some modest but sensible changes.

The Bill's contents concern the welfare, well-being and management of our service personnel. The previous Government had a strong record in that area, not just because of the introduction of the 2006 Act but because we ensured that forces' pay increases were among the highest in the public sector, invested in accommodation and rehabilitation facilities and increased access to the NHS for dependants. The previous Government also published the service personnel Command Paper in 2008—the first cross-Government strategy on the welfare of armed forces personnel. That doubled compensation payments for the most serious injuries, doubled the welfare grant for the families of those on operations, gave better access to housing schemes and health care, offered free access to further education for service leavers with six years' service and ensured more telephone and internet access for those deployed in Afghanistan.

Bob Russell: I acknowledge that the previous Government did a tremendous amount for the armed forces, but does the right hon. Gentleman accept that even after 13 years of Labour Government there is still a long way to go to bring much of the married housing accommodation for our brave soldiers—and presumably for airmen and naval personnel, but I am talking about the Army—up to an acceptable living standard?

Mr Murphy: The hon. Gentleman makes an important point and the tone in which he makes it is above partisanship or politics. There is a constant pressure on all Governments to ensure that the families of the remarkable men and women whom we often vote to put in harm's way are properly looked after here at home. I would encourage him—perhaps gently—to reflect on whether the Government that he so strongly supports, on most occasions, are putting the nation's money where his mouth is. He has raised an important point and I know that Ministers will consider it. Ministers will be judged on their record on that matter.

The Bill is part of a wider body of work that seeks to ensure that the men and women who give awe-inspiring service and provide security not just in the UK but for all those they protect abroad can do their job to the highest order with the recognition they rightly deserve. It is right that the service police should have the powers they need and I welcome the increased powers passed to them in the Bill. I welcome, in particular, the provision on access to excluded material, which is essential in allowing successful investigations. It is also correct that we have proper checks and balances on the work of the service police, so I welcome the additional powers for Her Majesty's inspectorate of constabulary to inspect their work. The Bill includes provisions to strengthen the structural independence of the police and to introduce a provost marshal to ensure that investigations are free from improper interference, which is an important development. The Bill also makes important changes to the service justice system, in particular by ensuring that service police disciplinary systems are compatible with and complementary to the European convention on human rights.

The Bill will make the lives of service personnel and civilians safer through the introduction of service sexual offences prevention orders to protect members of the service community outside the United Kingdom. I also welcome moves to strengthen the independence and impartiality of service complaints procedures as well as moves to update regulations to protect prisoners of war detained by UK forces.

I have a number of questions relating to the Bill and to the Government's record on the military covenant to date, and I look forward to hearing the Minister answer some of them in his winding-up speech. Before the election, the Opposition said that repairing the broken military covenant was long overdue. Surely I am not the only one who now believes that there is a dramatic mismatch between this Government's pre-election words and their post-election actions; the difference between the rhetoric and the reality is striking.

In October last year, the Secretary of State said that he would rebuild the military covenant, so, with a spring in his step, he launched a taskforce, which reported in December to much fanfare. He committed to taking forward two recommendations: first, that there should be an armed forces community covenant, encouraging volunteers to support their local forces; and, secondly, that there should be a commendation scheme to thank individuals or bodies that support the forces. As measures that the Secretary of State has claimed will strengthen the bonds between this country and the armed forces, they are worthy in name but not sufficient in action. No one who is serious about the military covenant considers those proposals to be substantive.

Vice-Admiral Sir Michael Moore, who is chairman of the Forces Pension Society, has described the taskforce's proposals as:

"Incredibly wet and feeble. All flute music and arm waving".

Nick Smith (Blaenau Gwent) (Lab): Does my right hon. Friend agree that the change from RPI to CPI for pensions uprating will cost many service personnel dearly over their lives?

Mr Murphy: I know that my hon. Friend takes a keen interest in these issues. He is right to mention that matter, which I will address in a moment or two. It is a heartless, savage cut against the families who rely on that support.

Dr Julian Lewis: I am sorry that the shadow Secretary of State is introducing a partisan note into this debate. As he has done so, however, does he agree that the introduction of plans for university scholarships for the children of armed services personnel who are killed in action is welcome, particularly in the light of certain changes to university charges on which he and I probably agree?

Mr Murphy: The hon. Gentleman is usually very fair in these debates, and I think he will acknowledge that I have already welcomed six or seven of the measures in the Bill in my speech. There is nothing wrong with echoing the comments of Vice-Admiral Sir Michael Moore, chairman of the Forces Pension Society, who has criticised the Government. I am sure that the hon. Gentleman does not want to criticise Vice-Admiral Sir Michael Moore.

Dr Andrew Murrison (South West Wiltshire) (Con): I am grateful to the Secretary of State for his consensuality, which I, as a service pensioner, welcome. Will he not recognise in his remarks, which are becoming a little partisan, that this Government doubled the operational allowance within days of the general election? I assume that he welcomed that.

Mr Murphy: I think that the hon. Gentleman called me the Secretary of State; of course, I am the shadow Secretary of State, but I am sure that will be corrected by *Hansard*. There are measures that we welcome, some of which I have alluded to already; I shall discuss some of the others later and will give the hon. Gentleman the opportunity to intervene at that point if he wishes.

The Conservative manifesto pledged to ensure that our armed forces, their families and our veterans are properly taken care of, but the taskforce was tasked with finding

"innovative, low-cost policy ideas."

It is difficult for any Government to find the right support for our armed forces on the cheap, without necessary and adequate funding. They have not yet responded to the work of the taskforce.

Charlie Elphicke (Dover) (Con): Does the shadow Secretary of State agree that the efforts and changes to maximise rest and recuperation for deployed personnel should be greatly welcomed? That issue has arisen in the past and the new Ministry has made great efforts to make improvements.

Mr Murphy: The hon. Gentleman raises an important point and like him I look forward to looking in detail at the outcome of the Government's review into tour lengths and tours of duty. We will both take a keen interest in that.

Dr Fox: The shadow Secretary of State asks why, seven months into government, we have not made more progress, but the previous Government left behind debt equivalent to £16,000 for every man, woman and child in the country. The interest on the deficit is greater than the defence budget for this year and the economic position is a strategic liability, so there is no point in the Opposition adopting a high moral tone—he was a member of the Cabinet who left us in this drastic economic position. He might consider his own culpability for our being in a position that makes it more difficult for us to achieve many of the things we want.

Mr Murphy: There we have it, Madam Deputy Speaker —the right hon. Gentleman advocates such a timid Bill because the cuts that he is determined to make in the Ministry of Defence will not allow him to achieve his ambition. I can do nothing more than quote again Sir Michael Moore, the chair of the Forces Pension Society, who said:

"I have never seen a Government erode the morale of the armed forces so quickly."

Mr James Gray (North Wiltshire) (Con): The right hon. Gentleman's thesis seems to be that we are not going far enough in repairing the damage to the military covenant. Does he remember the moment in 2007, shortly after Lord Guthrie resigned as Chief of the Defence Staff under his Ministry, when Lord Guthrie said in the House of Lords that he could not remember a Government ever having been so bad at keeping their side of the bargain and honouring the military covenant? The covenant was wrecked under the right hon. Gentleman's Government and we are taking steps to put it right; surely he should acknowledge that.

Mr Murphy: We introduced the first cross-Government strategy on the welfare of the armed forces, we doubled compensation payments for the most seriously injured, we doubled the welfare grant for those in operation and we gave better access to housing schemes and health care. If the hon. Gentleman's point is that Governments can and should always try to do more, of course that is the case, but it is difficult for him both to demand that Labour should have done more when in power and defend the level of his Government's cuts. Those contradictory positions cannot be achieved in one intervention.

Mr Ainsworth: As we have descended into being a little partisan, let me ask whether my right hon. Friend remembers that as well as doubling the up-front payment for compensation, we introduced, through the auspices of Admiral Boyce, further improvements in the compensation scheme. One of the improvements that I was most concerned to secure was an increase above the rate of inflation for soldiers who were injured early in life, and therefore before their career had developed, to compensate them for the development that they would inevitably have made. However, the change from the retail prices index to the consumer prices index will take that money back from the very people who have benefited from the improvements that Admiral Boyce brought in on our behalf.

Mr Murphy: My right hon. Friend, a former Secretary of State for Defence, is rightly proud of the work that he did on the review, and of the way in which an effort was made to ensure that the families of those in the armed forces on the lowest pay had the in-built protection that if the worst happened to their loved one they would not be expected to live on very meagre support for decades. He should be eternally proud of the fact that such measures were introduced. I can only hope that as the Government take forward their proposals, those measures are protected, but there is strong doubt about that.

Alun Cairns (Vale of Glamorgan) (Con): If the armed forces were valued as much under the previous Administration, why, according to the continuous attitude survey, did only 32% of those serving in the armed forces feel sufficiently valued?

Mr Murphy: The fact is that, in previous years, in very difficult circumstances, the support available to our armed forces increased year on year—through pay, pensions and improvements in housing, health care and much else besides. If the hon. Gentleman's challenge is that we did not do enough, of course there is always a challenge to do more, but it is difficult to demand that we should have done more to support the proposals that he is supporting today. He has to be a fiscal hawk or a fiscal dove on these issues; he cannot be both in the same intervention.

Sir Menzies Campbell: I hope that the shadow Secretary of State will not complain too much if I chide him a little for giving the impression that the morale of the armed forces has been dealt with in the way that Sir Michael Moore indicated. My regular contact with the armed forces is with RAF Leuchars, about which, as the shadow Secretary of State knows, there has been some unwelcome speculation. The professionalism and the intensity of the training that is performed there is unmatched. In the past week or so, the first Typhoon aircraft was scrambled from RAF Leuchars so that it could fulfil its responsibilities under the quick reaction alert. One has to be very careful about translating the remarks of someone who has an obvious, though quite legitimate, interest into general comment and criticism of the armed forces.

Mr Murphy: The right hon. and learned Gentleman makes a typically fair point in his own careful way. He is right to say that the constant challenge for politicians of all parties is how we support our armed forces and maintain their morale. My contention is that the Government have missed opportunities, and in Committee we will table amendments seeking further improvements to a Bill that makes sensible but modest improvements to our armed forces.

Charlie Elphicke: Does the shadow Secretary of State make the following connection, as I do? Perhaps only 32% of those in the armed forces felt valued because only 35%, as I understand it, felt that they had the right

[Charlie Elphicke]

equipment in the field. Is it not important to ensure that our armed forces have appropriate equipment in the field?

Mr Murphy: There were record levels of investment and support provided, with regard to the kit and equipment of our armed forces in the field and in theatre. I say again that it is a constant challenge to get that equipment to them as quickly as we can, on cost and on budget. However, there is a wider issue that, if he was being fair, the hon. Gentleman would also have sought to address: the wider disconnect between the public and the military. Our nation is remarkably generous, particularly around Remembrance Sunday—in the weeks before it, and for some time after. I know that the hon. Gentleman will not take this as a partisan point, because it is not intended as such. We all have to reflect, as individuals, law makers and citizens, on how we ensure that that act of remembrance is not a Remembrance Sunday event, but an all-year-round event.

There is a wider issue about the level of connection and affiliation between our armed forces and our citizens at large. We are all in awe of our armed forces; if one asks any man or woman, or any young teenager in the street, one realises that they are in awe of the action that our armed forces take, but we can learn lessons from other nations, particularly now that our armed forces, after the horrors of the greater violence in Northern Ireland, are able more regularly to wear their uniform in public. That is one important change that will increase awareness of our armed forces. There is an issue about the armed forces' morale, but there is also a wider issue about public sentiment that we have to address.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): My right hon. Friend rightly referred to the importance of remembrance. He is also right to identify the promises made by the then Conservative Opposition about veterans and their welfare. They said in their manifesto that they would sort out, in particular, the Christmas island veterans, who have been waiting for years and are still waiting for compensation.

Mr Murphy: As my hon. Friend knows, the previous Government offered a compensation deal. That was not resolved. The Government will rightly come forward with their own proposals. He and I will eagerly scrutinise the specifics of the proposals that the Government eventually produce.

I return to an issue raised by my right hon. Friend the Member for Coventry North East (Mr Ainsworth), the former Secretary of State, which is the subject of clause 2—the annual publication of the armed forces covenant report. Although I strongly welcome the continuation of the previous Government's plans to provide an annual report scrutinising the Government's progress on implementing commitments to strengthen the covenant, it is troubling that responsibility for doing so has been moved from independent experts and into the political control of Ministers.

It is welcome that we will have a debate in the House on the military covenant, but that should not be at the expense of proper independent scrutiny. One of the innovations of 2008 was the impartial oversight of Government progress in strengthening the military covenant. The external reference group, comprising charities and civil servant experts, was established as an independent monitor of the Government's implementation of the service Command Paper. This was vital in ensuring public confidence in our commitment to issues that transcend party politics.

It is peculiar and puzzling that the Government, who are committed to cuts in defence spending, now seem to have embarked on cuts in accountability in defence. *[Interruption.]* It is essential that the reports are independent, expert-led and above party politics. The Secretary of State is chuntering from a sedentary position. As he knows, the Royal British Legion has already raised concerns about the issue—*[Interruption.]* The Secretary of State says, with a cavalier swish of the hand, that he has already dealt with it. He has already spoken about it, but that is different from having dealt with it. The Royal British Legion should not be dismissed in such a cavalier way.

Ministers will have to work very hard to persuade anyone other than themselves that they are better placed than charities and experts, often comprising ex-service personnel and their families, to produce that report.

Mr Gray: Does the right hon. Gentleman agree that it is a very beneficial improvement that rather than merely independent organisations scrutinising such reports, the Secretary of State will annually place a report before the House for its scrutiny? That is an increase in ministerial accountability and in the power of Parliament. Surely he should welcome that.

Mr Murphy: I have already welcomed the report and the fact that there will be an annual debate, but I do not welcome the fact that the production of the report will be in the hands of Ministers, rather than independent experts. It is an issue about which the Royal British Legion feels strongly.

Dr Murrison: The right hon. Gentleman has been generous in giving way. Can he define "independent"? I have attended a meeting of the external reference group and found it to be anything but. It is certainly made up, in part, of independent individuals, but also largely of officials, who can in no way be said to be independent of the Government.

Mr Murphy: I do not think Madam Deputy Speaker would welcome an attempt by me to provide the House with a definition of independence, but the fact that the three armed forces families federations are on the expert group gives it authority, independence, clarity and sincerity that, with the best will in the world, the most capable and sincere Minister cannot of himself provide. It is important that that work is continued.

My most serious concerns are about the proposals on armed forces pensions. The Government plan to link forces pension rises permanently to the consumer prices index, rather than to the retail prices index. That is a serious misjudgment and an indictment of the Government's claim to want to strengthen the military covenant. We are in no doubt that in the current climate there is a need for restraint in public sector pay and pensions, but that year-on-year change will disproportionately

affect members of the armed forces and their dependants, who rely on their pensions at earlier ages than almost anyone else.

The impact of the proposed changes will be devastating. A 27-year-old corporal who has lost both his legs in a bomb blast in Afghanistan will miss out on £500,000 in pension and benefit-related payments. War widows will also lose out enormously. The 34-year-old wife of a staff sergeant killed in Afghanistan would, over her lifetime, be almost £750,000 worse off.

There can be only two possible justifications for that policy. First, Ministers think it right to reduce year on year the support to forces personnel and their dependants, and support the policy presumably because they consider the current support to be unfairly generous. The Secretary of State did not support the policy on that basis today, nor I suspect will any Government Back Bencher.

The second possible reason for this heartless policy is deficit reduction, but that argument does not add up either. The impact of the measures will be felt long after the deficit has been paid down and the economy has returned to growth. I ask Ministers today to commit to rethink the policy or, in the absence of a full rethink, and if they believe that it is part of their deficit reduction plan, to consider a time-limited measure during the period of deficit reduction and spending restraint. That would be a fairer approach. There is no logical reason why the bravest British soldiers fighting in Afghanistan should see their pensions reduced for the rest of their lives, or why war widows, who have had the person most special to them taken away, deserve to have taken away from them the support on which they so depend.

When challenged on the issue in November, a Ministry of Defence spokesman said:

"It is not possible to treat the armed forces differently from other public servants."

Bob Russell: The shadow Secretary of State heard me put my question to the Secretary of State. Was the shadow Secretary of State aware that war widows paid income tax on their war widows' pension?

Mr Murphy: I was aware of that, and the hon. Gentleman will continue to make his case on it to the Government, but, with respect, although my point today is about the same issue, it is a slightly different one. Those who say, as the MOD spokesman said in November, that it is not possible to treat armed forces personnel differently from other public servants show a woeful and deeply worrying lack of understanding and respect for the unique nature of military service.

Service personnel, as many of us know, can be required to work unlimited hours in excessively dangerous conditions with no prospect of overtime or a bonus; they can be imprisoned for failing to show up; living conditions can, understandably, be very tough; they are often separated from family and loved ones for many months at a time; they can be compelled to return even after they have retired; they forgo several political freedoms and contractual rights that others rightly enjoy; and, as we know, they are at risk of being killed or horribly maimed as a direct result and an unavoidable consequence of their service. Often their pension is the only serious, tangible financial compensation available to them, and no Government should ever claim that it is not possible to distinguish in favour of our armed forces.

Dan Byles (North Warwickshire) (Con): I am a little confused. Was the shadow Secretary of State not a member of the Government who went to court to fight to reduce compensation payments to wounded British soldiers returning from Afghanistan? His litany of righteous indignation does not sit well with that, so will he take this opportunity to apologise on behalf of the previous Government for that disgraceful action?

Mr Murphy: I cannot help the fact that the hon. Gentleman is confused; that is for him to resolve. The point is that, as part of the Boyce review, we are committed to increasing some of those payments. He calls it righteous indignation, and I do not know whether that is his attempt to justify the policy that his Government are implementing, but I do not think that it is righteous indignation to say that, if someone at this very moment serving in Afghanistan finds themselves in harm's way, their wife, at home with their children, should reasonably expect decent support.

Alun Cairns: Will the right hon. Gentleman give way?

Mr Murphy: Of course, but, Madam Deputy Speaker, for your understanding, I recognise that time is against us. I have taken numerous interventions and others wish to speak, but I wonder whether I can entice the hon. Gentleman, if he wishes, to support the Government's proposal for that change to pensions.

Alun Cairns: I am grateful to the shadow Secretary of State for giving way. I certainly support the actions of the Government in doubling the operational allowance. If the right hon. Gentleman thought so highly of the forces when he was a member of the previous Administration, why was the operational allowance pitched at such a low level?

Mr Murphy: The hon. Gentleman has got to his feet again and failed again. All I am asking today is that the Government listen to the arguments being made by the Royal British Legion, Help for Heroes and the families' federations, and think again about the policy. I acknowledge that I was partisan about the other issue of scrutiny— *[Interruption.]* I am really making an appeal to justice and the better spirit of Government Members. They should reflect again on this issue.

Mr Ainsworth: Have I correctly understood the figures that my right hon. Friend has just cited? Given what he has just said, I now believe that the changes that are about to be introduced to the way in which the pension is calculated will not only remove all the improvements made by the Boyce review but go further and lead to levels of compensation for young injured soldiers that are lower than they were before the Boyce review. That is the very thing that the hon. Member for North Warwickshire (Dan Byles) complained about in terms of the actions taken by the previous Government to keep the compensation scheme balanced. Is that right?

Mr Murphy: My right hon. Friend the former Secretary of State for Defence has paid close attention to these matters. He has looked at these issues with great care. Given the analysis available, there is a strong case for the conclusion that the changes take us back to pre-Boyce levels.

Dr Fox *indicated dissent.*

Mr Murphy: The Secretary of State shakes his head. I invite him to correct the record if he wishes. *[Interruption.]* He says from a sedentary position that he has plenty of time to do so. I give him the time today. *[Interruption.]* He says, "Get on with it." Even the Secretary of State will not rise to his feet to support his own policy.

The military covenant goes to the heart of the relationship between the military, society and the Government, as the Secretary of State rightly said. It should and will never be the exclusive property of one political party. However, no Government can cut the support to Afghan war widows and claim to be honouring the military covenant. The truth is that this is a Government of convenience, who, in taking money from Afghan war widows, have lost the courage of their conscience.

The Government's actions are particularly hard to comprehend when one considers that in July 2009 the previous Government published a Green Paper entitled "The Nation's Commitment to the Armed Forces Community", in which some truly innovative proposals were made. I invite the Secretary of State to look again at that Green Paper to see which aspects of it can be included in this Bill. I am surprised that the Government have not sought to take forward those ideas, which would not just give real help to the forces community but continue to demonstrate the Government's commitment to serving the interests of those who put their lives on the line. I urge the Government to look again at the proposals.

This debate is also an opportunity for the Government to confirm that they will look again at another of their recent proposals, which in my view is one of their most regrettable decisions—the decision to scrap the chief coroner's office. That office would give families who have lost those closest to them, often in tragic, painful and extremely complex circumstances, the right to the best possible investigations and military inquests into the deaths. Last month's decision by the Lords, by a significant majority, to save the chief coroner's office gives the Government the opportunity to think again. They should listen not only to the House of Lords but to the Royal British Legion, and retain the chief coroner's office.

Today's debate is an opportunity to further the passage of a Bill that in general we support. It will make sensible and important changes to procedures that will ensure that our armed forces can perform to the highest standards and are effectively regulated. But it is also more than that. It is an opportunity for the Government to think again—not about Afghanistan, where they should and rightly will remain resolute, but about cuts to the independent scrutiny of the Government's progress on the covenant, about matching their pre-election pledges to their post-election actions and about the introduction of permanent reductions in the support of those who serve our nation and their families. If they do think again, there will be a very warm welcome not only in this House but, much more importantly, in the houses of service families across our nation.

5.50 pm

Mark Lancaster (Milton Keynes North) (Con): It is an honour and a privilege to contribute to the debate. I begin by declaring my interest as a member of Her Majesty's armed forces and as a serving commissioned officer in the Territorial Army.

It is fascinating to consider the history of why we are discussing this matter today as it dates back to the 1688 Bill of Rights, under which it is effectively against the law to have a standing army without the consent of Parliament. Given that history, it is a particular honour to speak on the matter today. However, it is also an honour to do so as a member of the armed forces affected by this Bill. However, because it sits uncomfortably with some that members of the regular armed forces are not allowed to sit as Members of Parliament while members of the reserved forces are, it is not an honour I intend to abuse today.

My experience has shown that members of the armed forces are very interested in politics, but they are not interested in party politics. When I wear a uniform, I always pride myself on being strictly apolitical and I intend to continue that today. Perhaps the test of my speech will be that, when read, it will seem as though it could have been spoken by a Government or Opposition Member.

I welcome the Bill because, as the Secretary of State said, it is in many ways a tribute to the previous Government for the manner in which they put the Armed Forces Act 2006 through Parliament. The fact that the Bill is mainly a tidying-up measure is testament to that, although clause 2 on the military covenant—I will come to that later—is very important. I therefore give credit to the previous Government.

There are, however, a few anomalies even though the 2006 Act attempted to tidy them up. In particular, there is the matter of military law being applied across the three services. I said that I am a Member of Parliament who is also a serving member of the armed forces and, to my knowledge, three other hon. Members also serve in the reserve forces. It may be of interest to the House that, as I stand here today, I am subject to military law as a commissioned officer in the Territorial Army. However, one of our colleagues, who merely through rank is not a commissioned officer, is not subject to military law as a serving Member of Parliament. That is an anomaly. All four of us have been mobilised and have been on operational service, and we all become subject to military law when that happens. It might seem a minor point but whether someone is subject to military law when they go to and from training in the Territorial Army is relevant.

I shall give another simple example of an anomaly before I get into the detail of the Bill. Over recent weeks, there have been calls in the House that, as part of the military covenant, we should have some form of medal to allow members of the armed forces to show that they are in the armed forces. The Veterans Minister, the Under-Secretary of State for Defence, the right hon. Member for South Leicestershire (Mr Robathan) has said that that should be subject to review. I do not think it should be subject to review; I simply do not think it should happen. If hon. Members want to argue that point, I am happy to debate the matter. My case is fairly typical in that have completed three operational tours and have been awarded three medals over 23 years. In addition, I have a Queen's golden jubilee medal, which was effectively given to me for being a member of the armed forces, and a long-service and good conduct medal—or the Territorial decoration as it was called then.

My point is that such medals are awarded simply for serving in the armed forces and I am not convinced that giving people more medals simply for being a part of

the armed forces is necessarily a good thing. However, it is an anomaly that, in the Territorial Army, both officers and soldiers can get what is now the volunteer reserves service medal while, in the regular Army, only soldiers are allowed to get a long-service and good conduct medal. It seems that officers do not receive that medal simply because their good conduct is taken for granted. That is another anomaly in which the House might be interested.

Chris Bryant: I pay tribute to the non-partisan way in which the hon. Gentleman is advancing his arguments. I have no medals—the closest I ever got was a Blue Peter badge. He is referring to the anomalies. An anomalous situation for many armed forces families is because those who are killed in action all come into the UK through one of two different airfields, there have often been very long waits for a proper post-mortem. That was one of the problems we tried to rectify through the creation of the post of chief coroner. Previously, families had to wait a very long time before they could have closure in relation to the death of their loved one. Does he agree that the Government are wrong to be abolishing that post and that it would be better for armed forces families if we were to keep it?

Mark Lancaster: I would have to consider that matter in detail. I suggest to the hon. Gentleman that perhaps he should volunteer to sit on the Committee—I certainly will do so—and we can then explore the issue in greater detail. That is probably a sensible way forward, and it will be interesting to see whether he volunteers to do that.

Clause 2 deals with the military covenant and that matter has already been mentioned in the debate. The Royal British Legion—I am proud to be vice-president of the Olney branch—has raised concerns, and the Secretary of State has promised to consider them and, indeed, deal with them. It is perfectly reasonable to expect the role of the external reference group to continue in some form or another. That is something else I expect we can explore in Committee.

We have talked mainly about the three principal areas of health care, education and housing. In the previous Parliament, I was proud to serve on the Select Committee on Defence under the chairmanship of my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot), when we looked at the issue of the education of service families. I am delighted that the Government have introduced some of our recommendations and we should continue to consider that matter. I am pleased that an annual report will be presented to Parliament. *[Interruption.]* When I referred to the Government, the former Veterans Minister, the hon. Member for North Durham (Mr Jones), said from a sedentary position that it was the previous Government. I am actually being apolitical and mean the government of the land.

There has been some concern that perhaps the Government's commitment to the military covenant does not go far enough and that the relationship between the armed forces and the Government should be enshrined in black and white. My personal feeling is that it is not important what is in black and white for the lawyers to argue over; what is important is how the covenant has been interpreted by successive Governments. I shall give one example. After the introduction of joint personnel administration—the new payment computer system in the Army—there has been a problem with some junior ranks in the British Army being effectively overpaid for a number of months. That has amounted to a sizeable sum for some individuals. I do not think any fair-minded person would suggest that that money should not be paid back; it is an overpayment and we would all expect to pay it back. However, the true test of the covenant is how the money is paid back. It should not have to be paid back in a single lump sum in one pay cheque; those concerned should be allowed to pay the money back over time. That is just one example of how the application of the covenant, and not what appears in black and white, is important.

To be honest, soldiers are quite cynical about government. They feel that any covenant would always be interpreted in the Government's favour. I hope that the Opposition will take that point in the spirit it is intended because it is simply an objective statement of fact.

Mr Kevan Jones (North Durham) (Lab): Does the hon. Gentleman therefore agree that what is being put forward today is rather disappointing, especially in the light of the Green Paper that I produced in 2009, which set out not only what we had done in terms of the Command Paper, but how we could make what it referred to legally enforceable? Does he share my disappointment that the work and the response to that have not been brought forward in the Bill, so that the things put in place in the armed forces Command Paper would be legally enforceable?

Mark Lancaster: I do not, because the real test will be in the implementation. I have confidence that the Government will implement and uphold their end of the bargain, so I am afraid that I cannot agree with the hon. Gentleman. However, the proof of the pudding will be in the eating and only time will tell. Perhaps we can consider the matter again in one of our annual debates on the military covenant.

I was going to give one example of where soldiers are perhaps right to be slightly cynical. I fully supported the previous Government's introduction of the operational allowance in October 2006. That was a good move, and it introduced a tax-free allowance of £2,240. However, it is worth remembering—I wish to make it clear that I think that this was more by cock-up than conspiracy—that at the same time the Government also cut the long-service separation allowance, meaning that a soldier on a six-month tour in Afghanistan lost £2,341. The Government gave with one hand and took away with the other, within the space of a month. When such moves happen, one can see why any soldier is entitled to be cynical of any Government. It is therefore very important that we see, over time, how the military covenant is improved.

As I said from the Opposition Benches shortly after I got back from my operational tour in Afghanistan, there has been a major improvement in personal kit over the past few years. I felt that when I was mobilised in 2006, the standard of personal kit that I was given then was far better than the kit I was given when I was mobilised in 1999 or 2001—so, once again, credit to the previous Government for that improvement, which I should like to continue under this Government in future years.

[Mark Lancaster]

My other general point about the military covenant concerns rest and recuperation. I had personal experience of the problems of R and R on coming back from Afghanistan in 2006. Although I do not want to go into the details of the matter again—it was the subject of debate in this House for some time—I would like some reassurance from the Minister that the problems with the air bridge have been addressed. Clearly, we will always have trouble when we have to rely on airframes that are very old, but I have heard reports that unfortunately the problems experienced in 2006 are beginning to happen again. There have been calls for us to guarantee the two-week R and R period for soldiers in the middle of an operational tour. I do not support that for simple operational reasons. If a soldier were to lose a day at the beginning of his leave, a guarantee that he could come back from it a day later would make the whole manning plot for the commanding officer in theatre almost impossible. However, I would support a guarantee that if any R and R days are lost during an operational tour, they should be added to the post-tour leave. That is perfectly reasonable.

I was slightly disappointed that neither Front Bencher chose to mention the reserve forces. That is an oversight that I should like to correct, especially given that some 15% of soldiers mobilised on operations are from the reserve forces. Members of the reserve forces face some very specific problems when they are mobilised. Any mobilisation process starts at the reserves training and mobilisation centre in Chilwell. If I am lucky enough to be selected to serve on the Bill Committee, I would like to suggest that we visit that facility, which plays a very valuable role. Having been through it on three occasions, I must say that the standard of service that it provides in preparing reservists for mobilisation has improved significantly over recent years.

However, there can be major problems when a reservist returns home. Because, in general, they are mobilised as individual replacements, they lack the support that a regular soldier, sailor or airman has in coming back with a formed unit. I can give an example of a very unfortunate case from my own unit when a colour sergeant came back from mobilised service in Afghanistan. Because we are a specialist unit that does not meet for drill nights, there is no regular contact every Tuesday night where we can monitor colleagues who have recently returned, and we did not see much of him until one weekend when he was clearly not well. The effects of service in Afghanistan had clearly had a significant impact on him. I regret to say that that ended up with an incident in which he attempted to shoot a colleague with a weapon that he had brought back from Afghanistan, and he is now in prison. It was an awful incident. One wonders whether the same thing would have happened had that individual been serving with a regular unit and received the same levels of support that a regular soldier would have had.

Dan Byles: I entirely endorse my hon. Friend's concern about soldiers who come back not as part of formed units. Does he agree that that points to a wider issue with the military covenant, whereby it is not simply a covenant between the Government and our armed forces but between the nation and our armed forces? Although there is talk of putting the Government's side of this bargain into law, the issue is also about an attitude in our nation as a whole. For example, many of our public sector bodies have policies whereby members of staff can have up to 14 days off work to be a school governor or to undertake trade union activity, yet many of those organisations, particularly NHS trusts, do not give similar time off to members of the reserve forces.

Mark Lancaster: That is a very valuable point. I was fortunate in that before I entered this House I worked for a family fireworks company, so I had no problem getting time off—certainly for six months of the year, anyway. My experience is that many employers are very good about allowing members of the reserve forces extra time off. However, the issue is certainly something that we should consider, perhaps when we debate this matter annually.

Hon. Members have already referred to welfare for the families of regular forces—that is very important, and we should and must do more—but the families of reservists have particular problems because they tend not to live on a specific base. For any one specialist TA unit, those families can be spread across the land. We must do more to try to ensure that they have access to the same kinds of facilities as families of regular servicemen so that they get the support that they, too, vitally need.

I want to deal with one more matter—the military police, as covered in clauses 3 to 6. People say that a little knowledge is a dangerous thing. I have to confess that for a period of 18 months I was the second-in-command of 253 Provost Company Royal Military Police (Volunteers), based in Balham, south London. Given what I am about to say, I am not sure that the RMP's Provost Marshal will be very pleased that I had that experience. As I suggested to the Secretary of State earlier, the time has perhaps come when we should be thinking the unthinkable, and I encourage him to have a single police service for the armed forces. The three military police services already train together as a single organisation, going through one training school. The whole point of the 2006 Act was to harmonise much of military law. I see distinct advantages to this at a time when we are attempting to try to find savings within the Ministry of Defence, as having a single police service would save the costs involved in two Provost Marshal posts and all their connected staffs. The remaining Provost Marshal would then answer to the Chief of the Defence Staff instead of to the individual service chiefs, and he could be appointed by competition rather than by simple rotation.

In reality, the Royal Air Force and the Royal Navy have had little exposure to complex investigations into operational deaths because of the nature of operational service, which tends to be Army-based. Combining the special investigation branches would not only make savings on manpower, which is vital in terms of meeting the harmony guidelines of the Royal Military Police, who are particularly affected and overstretched, but encourage the maintenance of high standards through mutual understanding and experience. Currently, Her Majesty's inspectorate of constabulary inspects the Royal Military Police but does not inspect the other two branches of the armed forces, and that situation might be improved by bringing the three branches together. I was invited by the Secretary of State to table amendments in Committee if I am selected to sit on it and. I think

that we should explore this angle. It will be interesting to see what the cultural differences to which the Secretary of State referred are in reality.

I am delighted to support the Bill this evening and will vote for it if there is a Division. I look forward to the Committee stage.

6.10 pm

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): It is a pleasure to follow such an informed speech from a person who is well qualified to deliver the points that he made. I am not from a military background, but am a great respecter of the military services, as we all are. I am a long-standing member of the Royal British Legion, but I do not know what that makes me.

Chris Bryant: Old.

Mr Llwyd: Yes, quite right. We all welcome the good work of the Royal British Legion.

The Bill is important for many reasons. I am pleased that the need to bolster the military covenant is recognised. For some years, I have campaigned for widespread recognition of the welfare needs of veterans of the armed forces. The Bill makes integral amendments to the way in which our armed forces function, especially in disciplinary matters. I will focus on veterans' welfare, which is principally the concern of clause 2, and outline some suggestions on how that clause can be improved. If I have time, I shall speak briefly about clauses 9 to 11, which concentrate on preliminary testing for alcohol and drugs in the forces.

The Bill marks a significant breakthrough in the championing of veterans' rights. For several years, I have worked to raise awareness in this place and beyond of the ordeal suffered by many vulnerable members of the armed forces after they are discharged. I published a paper in January 2010 that recommended increasing the support available to veterans of the armed forces. I currently have the privilege of sitting on an inquiry panel commissioned by the Howard League for Penal Reform, which aims to uncover why a high percentage of veterans enter the penal system. The inquiry is chaired by Sir John Nutting QC, and will make recommendations to Government later this year on how to prevent further offending and to make improvements. I chair a parliamentary group that comprises representatives of the justice trade unions, relevant third sector organisations, parliamentarians and concerned individuals, which looks into the problem of veterans in prison. That group will publish a list of recommendations on tackling this mounting problem in the first quarter of this year. I will give voice to a number of its recommendations this evening.

The reasons why veterans are over-represented in the criminal justice system are complex, but the root cause is often the social estrangement that is experienced by susceptible veterans when they lose the ready-made support network of their Army colleagues. Clause 2 unlocks the opportunity to discuss how we can improve the way in which public services are administered to veterans. As I shall argue, improving and streamlining the way in which such services are offered to veterans could drastically reduce the number who fall into difficulties later in life.

As is clear, work is being done to promote this issue. The fact that we are discussing a Bill on the Floor of the House that touches on this concern confirms the traction that it has gained over the past 12 or 18 months. I was gladdened to see that the matter had gripped the political mindset enough to become a major manifesto issue for all parties at the last general election. Although forces charities such as Help for Heroes have generated massive public support, the ordeal faced by some veterans was not widely acknowledged until relatively recently. That ordeal deserves our attention.

It is perhaps easy for us to disregard how difficult the transition must be from life in a combat zone to civvy street. Although the training received by personnel during military service allows the majority to readjust to life after discharge, a growing but unspecified number drop out of the welfare system altogether, and become homeless, disfranchised from mainstream services and socially isolated. Education, further training and employment are difficult to access, and such opportunities are not automatically advertised to personnel on leaving the forces.

Veterans are over-represented in NHS emergency waiting rooms and in road traffic accidents. I do not know whether hon. Members are aware that veterans who have returned recently from a theatre of conflict are 50% more likely to be killed in a road traffic accident than ordinary members of the public. That point bolsters the need for a careful examination of this matter.

As a result of what can be an acute social rupture, an alarming number of such young men and women fall foul of the criminal justice system. That is often prompted by substance misuse and mental health problems. I was first alerted to this problem when I appeared as a barrister in the Crown courts of north Wales, Cheshire and beyond. In the space of about a fortnight, I saw a huge number of young people newly returned from Afghanistan who had committed very serious offences, for which there was no reasonable explanation. That made me think that something was wrong in the system, because those people were as rational as any of us, but my God, the things that they had been through recently would have rocked any of us.

On 5 March 2008, I tabled a written question to the then Minister of State at the Ministry of Justice, asking what percentage of the inmates in prison in England and Wales had served in either of the Gulf conflicts. I was informed that such information was "not collected centrally". I have since found out that at no point is it compulsory to ask someone who is accused of a crime whether they have a service history. That practice must surely be rectified, and some police forces are collecting that information.

Bob Russell: With the hon. Gentleman's legal experience, is he really asking that one question be added when somebody is charged and the charge form is filled out?

Mr Llwyd: Yes, I am. I know that the hon. Gentleman is very concerned about this matter. Kent police, Cheshire police, North Wales police and several other police forces have started to do that over the past 12 months, simply to scope the size of the problem and, hopefully, to come up with reasonable answers.

Ian Paisley (North Antrim) (DUP): Does the hon. Gentleman accept that no prejudice should be drawn to the person who is accused because of that information

[Ian Paisley]

and that it should be used purely for analytical reasons? It should not be used later in a judgment and nobody should be punished more because of their service background.

Mr Llwyd: I agree entirely with those comments, because we are all equal before the law. However, if taking that information helps to address what is a massive problem, it should be done. The probation service in Cheshire and north Wales is also doing that, and that is being led by ex-service people. No prejudice is intended at any stage.

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): The hon. Gentleman raises an extremely important topic, and one that should not be taken lightly. I wonder whether he has read the analysis in the Defence Analytical Services and Advice report of the number of former service personnel who are in prison. It suggests not that they are over-represented, but the contrary.

Mr Llwyd: The Minister knows that there has been an argument about that because we do not know what the figures are.

Mr Robathan: Yes, we do.

Mr Llwyd: What is the current figure?

Mr Robathan: DASA's initial finding was that the figure was about 3%, but after it analysed everybody in prison who had said that they were formerly in the armed forces, it came up with a figure of approximately 3.5% of the prison population who were ex-services. In contrast, more than 7% of the general population have been in the services.

Mr Llwyd: Yes, but if I remember rightly, the methodology of that particular report was somewhat questionable. *[Interruption.]* May I finish my point? The reservists were not included, nor were people under 18 or women who had served in the Army. I believe that one other category of people was excluded—there were four such categories.

Mr Kevan Jones: In support of the Minister, I wish to say that as the Minister who commissioned that research, I know that it was the most comprehensive ever done on the matter. It cross-referenced all the service records in all three services, in some cases going back to the late 1960s, with the records of the Ministry of Justice. Trying to rubbish it by making points about reservists, for example, is not helpful. It was a thorough piece of work, and I stand by what the Minister said about it.

Mr Llwyd: I take on board what the hon. Gentleman says, and he knows that I have been discussing the matter with him for a long while. I am not rubbishing the report. All I am saying is that four distinct categories of service people were exempted from its scope. The first thing that the people conducting the report did was to ring Harry Fletcher of the National Association of Probation Officers and ask him about his methodology. They were very much working in the dark.

Dr Murrison *rose—*

Mr Kevan Jones *rose—*

Mr Llwyd: I will give way to both hon. Members, but I am trying to construct an argument and do not want to make political points about the figures involved. I hope we can all agree that we have a huge problem. I give way first to the hon. Member for North Durham (Mr Jones).

Mr Jones: I cannot accept what the hon. Gentleman is saying. It is not helpful to rubbish the most thorough report on the facts of the matter. I have met Mr Fletcher on a number of occasions and know that he is a great self-publicist. He came up with the figure of 10% of the prison population being ex-armed forces, or at one time even 15%, on no evidence at all. That was not very helpful as part of the debate into which the hon. Gentleman has rightly put a lot of hard work.

Mr Llwyd: The way in which Mr Fletcher went about the matter was to e-mail every member of the probation service who was connected with prisons and ask them how many people on their books had been in the services. That was how he came up with his figures, but even within the latest Government figures of 3.5% or 4%, we see that in Dartmoor, for example, the figure was 17.5% in 2007.

Dr Murrison: The Minister and the shadow Minister are right, but then so is the hon. Member for Dwyfor Meirionnydd (Mr Llwyd). He is probably about to cite the figures for violent and sexual offenders, which show that there appears to be a greater likelihood that people with a service background will fall into that category. However, we would expect people with a service background to be less represented than others in the prison population, would we not? They are selected because they do not have a criminal record when they join up, and they are members of a disciplined service. That needs to be borne in mind when considering the figures.

Mr Llwyd: I agree, and perhaps I should move away from the figures, because I cannot profess to know them precisely any more than anybody else can. All I am trying to say is that the problem is serious. The hon. Gentleman makes the valid point that we would expect people who have been in the armed services to be more disciplined, and in most cases they are. However, there are worrying examples of people who, for almost inexplicable reasons, commit violent offences.

I know of two cases intimately. The first is that of a person in a fish and chip queue in north Wales who felt that somebody behind him was invading his space. He reacted violently, because he had been trained to look after himself. Unfortunately, by the time he had finished the skirmish two or three minutes later, there was a person on the floor very badly injured and he went away for four years for grievous bodily harm.

The second case is that of a young lad from my constituency who returned home from Helmand on a Wednesday and borrowed his father's car to go out on the Friday night. He drank far too much and had an accident, killing two passengers. It could be argued that he had been to hell and back in Helmand and felt that

he could do such things with impunity. I am not running that young man down, and I am sad to see him where he is, but that is another example of which I am aware.

Chris Bryant: I am getting slightly nervous about the hon. Gentleman's argument, because—

Mr Llwyd: Well, you would, wouldn't you?

Chris Bryant: The hon. Gentleman is chuntering away, but if he waits until I have made my point, he can respond afterwards.

My concern is that just because there is a correlation between two sets of statistics, that does not necessarily mean that there is a causation. In other words, just because there may be a higher or lower proportion of former members of the armed forces in prison, that does not necessarily mean that it was because they were in the armed forces that they went to prison.

Mr Llwyd: That may very well be, and we must also remember that the vast majority of those who are in prison come not from the Navy or the Air Force but from the Army, the infantry. There are socio-economic factors to be borne in mind and the equation is not simple, so the hon. Gentleman is right in that regard.

I should like to leave aside the scale of the problem and consider what we can do to assist those who return. First, we must do everything we can to prevent veterans from falling into various problems after discharge. Secondly, I want measures to be taken to ensure that help and advice are available to everybody in the services who encounters problems, whether they be about substance misuse, mental health, housing, employment, money management, violent behaviour or anything else. We spend a lot of time training our young men and women up to the highest level before they go into harm's way. As I see it, we need to spend much more time and money on debriefing them and bringing them back into the less compressed atmosphere of civvy street. As we know, civvy street can be a hazardous environment for vulnerable returnees without assistance.

Alun Cairns: I am grateful to the hon. Gentleman for underlining that point about training. Does he accept that just as our armed forces are trained to the highest degree to do what they need to do in a military capacity, wherever possible training needs to be provided so that their skills are transferable? That will make them fully valued members of society in a professional capacity and as individuals.

Mr Llwyd: Absolutely right, and that is part and parcel of bringing people back into the civilian mainstream. There is no doubt that such training is useful, and we know that it often works.

Clause 2 provides a commitment for a report to be placed before Parliament each year, which will deal with health care, education and housing. That is a welcome step, because the regulation of those services is a prerequisite for improving them. Surely, however, we need to do better than that. The Bill specifies that the responsibility for laying the report should lie with the Secretary of State. I wish no offence to him, and I trust that he will take none if I say that he has many other responsibilities already bestowed on him, which mean that laying the report will not be his highest priority. However, I hope that I am wrong.

I believe, as I mentioned earlier, that we should consider appointing a Minister for veterans' welfare with a cross-cutting responsibility, who could perhaps be situated in the Cabinet Office, because there are many facets to the problem. The report specified in clause 2 should go into far greater depth about how a background of military service might affect people in obtaining personal services. To education, housing and health care should be added welfare benefits, employment benefits and advice, reskilling, budgetary advice, debt management—SSAFA Forces Help and the Royal British Legion say that 60% of their cases concern debt management—alcohol and drug treatment and relationship skills. All personnel should have access to advice from voluntary organisations on all those issues, regardless of length of service, some months before leaving the forces. At present, when leaving the forces, the feeling among many veterans seems to be, "When you're discharged, you're on your own." Regardless of whether that is the case, we need to intensify personnel's awareness of the support that is available for those who need it. Back-up advice in person and by telephone should also be made available for the first six months following discharge.

I have briefly mentioned the prevalence of mental health problems among veterans. Due to time constraints, I cannot dedicate as much time to it as I should like. No compulsory mental health assessment is currently undergone before leaving the forces. I hope that that practice will soon change. There is a tremendous discrepancy between the way in which US and UK forces deal with the matter. Nobody can realistically plead for a veterans agency in the UK on the same scale as that in the States. The US has had to come to terms with the fall-out from the Vietnam war and other conflicts, and it set up such facilities in more benign financial times. However, when I took evidence with the Howard League in the US, senior veterans affairs Ministers told us that there was a presumption that 33% of returnees from conflict would suffer from either post-traumatic stress disorder or traumatic brain injury.

That figure is not accepted by anyone in the UK forces. The proportion is not even a tenth of that figure, according to the evidence that we have received from people in similar positions in the UK. There must be a problem somewhere because there is a huge discrepancy. Somebody said that PTSD could take up to 14 years to develop. Yes, it could: it could take 14 minutes or 14 years. We must tackle the problem, because we may be considering the tip of a painful iceberg, and the consequences could be long drawn out.

Experts therefore demand making psychological assessment mandatory for all those leaving the forces, alongside a more general resettlement assessment and advice scheme. I hope that, if I am appointed to serve on the Select Committee, I can advocate making available more tailored support to veterans in the criminal justice system. I am a firm believer in all being equal before the law, but veterans' specific needs, and the way in which some initiatives might prevent reoffending in that community, must be recognised. Veterans' support officers should be appointed in every prison and probation service to ensure the streamlining of those initiatives. That has already started to happen. Statutory funding

[Mr Llwyd]

should be allocated to them as well as to veterans' support groups, which can provide unparalleled support in communities. Such groups normally have the benefit of comprising mainly veterans, who have an unmatched ability to relate to the experiences of other veterans.

I am fast running out of time, but it remains for me to say that we must wake up to the alarming way in which personnel come to rely on alcohol and sometimes other substances as a defence mechanism. Perhaps it is perfectly understandable, but the so-called self-medication route is a huge misnomer. I have evidence to show that, regrettably, at some stages of Army life, alcohol is treated as a catalyst for unwinding. I am sure that many hon. Members have heard about the decompression in Cyprus, which comprises a weekend or week of drunkenness and brawling. It can be no coincidence that so many veterans leave active service displaying a dependence on alcohol. I need hardly say how quickly such a dependence, if left untreated, can feed into other habits, violent behaviour and crime. Henceforth, therefore, counselling on substance abuse must play a vital part in decompression and reintroducing personnel to civvy street.

If we are to retain any hope of fewer veterans running into problems after leaving the forces, we must address some aspects of Army life, such as alcohol consumption as a means of coping with stress and adversity. Clauses 9 to 11 will intensify the regulation of personnel in that field and perhaps awaken them to the dangers of over-reliance on that drug. That is a welcome step in the right direction.

Dan Byles: Does the hon. Gentleman agree that a common thread running through his speech is the problem of tracking and identifying veterans, whether by the police, the probation service or GPs? For example, many mental health issues arise because GPs do not necessarily know that someone is a veteran 10 years after that person has left the forces. *[Interruption.]* I am married to a GP, and I can assure the hon. Member for North Durham (Mr Jones) that the system might work at the top, but it does not by the time things get to the bottom. *[Interruption.]* The point that I intended to make before the sedentary interruptions from the Opposition Front Bench is that we in this place can help because there is a lot of support out there for veterans. How many hon. Members say to someone who is homeless or has other problems and comes to their surgery, "Are you a veteran? If so, I can direct you to more places"?

Mr Llwyd: Such work is being done by, for example, Kent police, to which I referred earlier, and probation services here and there. Very good work is undertaken in some prisons. That work is done by people who have an interest in assisting veterans, and we need to roll out good practice throughout the UK.

It is wrong for anyone to hint that I am disparaging the services when I refer to alcohol or drugs. I am trying to consider matters realistically, not to insult members of the armed forces, for heaven's sake.

Mr Kevan Jones: I agree with comments that have been made. However, when I was veterans Minister, we introduced tracking. We are obviously now waiting for the current Government to implement that.

Mr Llwyd: I agree. I give the shadow Minister credit because I have debated matters with him and he was assiduous in trying to address the problem, which is multifaceted.

Military people are often proud—proud of their regiment and their work. They are not proud of their position if they suddenly become homeless and/or involved in crime, so sometimes they will not say that they were in the services because they are ashamed. That is another problem.

We have had an opportunity to debate such matters today, and it is important to move forward to Committee, where we can explore different avenues. The Secretary of State said that he was open to, for example, extending the categories in clause 2. That is all well and good. Let us see whether we can explore that and come up with further matters that we need to examine.

If I am fortunate enough to serve on the Committee, I hope I can amplify what I have said and strengthen the Bill as best I can so that we can honestly say, as Government members and ordinary Back-Bench politicians, that we are adhering to our part of the military covenant.

6.38 pm

Dr Andrew Murrison (South West Wiltshire) (Con): It is a great pleasure to follow the hon. Member for Dwyfor Meirionnydd (Mr Llwyd). I particularly appreciate his remarks about clause 2 and health care. I am pleased to be able to say that the Government have accepted my report "Fighting Fit" on the mental health care of veterans. Part of it stated that we should indeed scrutinise people far more closely at the point when they depart from the services to ensure that we consider mental health. In my 18-year career as a medical officer in the Navy, we rarely did that. The matter was neglected, and I am therefore pleased that the Government have accepted the report and that the armed forces will now assess people when they leave and before they become veterans so that we can take timely action when necessary.

I declare my interests, which are in the Register of Members' Financial Interests. In addition, in connection with clause 27—an obscure provision, which I suspect is largely uncontroversial—I am a member of the naval medical compassionate fund. I call it a potential benefit because one has to be deceased for any benefit to be obtained from it. Although that is ultimately inevitable, I hope that it will not happen during my time in this place.

I pay tribute to those right hon. and hon. Members on both sides of the House who have done so much for the military covenant and in raising its profile. Over the past 10 years or so, public support for our armed forces has increased. That is in large part because of the profile of the armed forces and, although it may not be fashionable to say so, I think we in this place ought to take a certain amount of credit for promoting the interests of the men and women of our armed forces. Members on both sides of the House do that, so this is not a partisan matter at all.

However, I welcome this Bill as the next step in the process of ensuring that the military covenant is a key part of the way in which we deal with our armed forces, and not just now. It is very easy to do that now, as every night we see images on our television screens highlighting the plight of the men and women of our armed forces, and the excellent job they are doing and the professional

manner in which they are doing it. The problem arises 10 or 15 years down the line when, God willing, we are living in a time when the armed forces are less high profile. In those circumstances, it will be very welcome to have an opportunity to assess, on an annual basis, how we are dealing with our servicemen and women, and, of course, with our veterans and service families.

Bob Stewart: One of the problems in respect of Help for Heroes is that we must deal not only with the current conflicts in Afghanistan and Iraq. We have problems that go all the way back to the second world war, and we must put in place resources to look after the people who were involved then. Speaking personally, I had about 35 soldiers wounded on 6 December 1982. Those people require to be looked after, and two of them were paraplegics. I simply want to endorse my hon. Friend's point that we must look after all our veterans who have been hurt, not just the people who are now in the public eye from Afghanistan and Iraq and, perhaps, Kosovo and Bosnia. The issue goes back well beyond that, and let us also remember all those people who were hurt in Northern Ireland over many years.

Dr Murrison: My hon. Friend is, of course, absolutely right, and I think the Government have recognised that need. One of my report's recommendations was that we should be more proactive in addressing our veteran population, and I am pleased that it has been accepted. Ministers recognise that we need to do more for veterans.

Having just been nice to my Front-Bench colleagues, perhaps I might say that I disagree with them in one respect. Clause 2 is entitled "Armed forces covenant report" and I take exception to the term "armed forces" in that context. May I gently suggest to my right hon. and hon. Friends that it would be more appropriate simply to use the term "military covenant"? I say that because I think that term has had a certain amount of purchase. It is now understood by the general public. It is in the public domain, and the media understand it, and I think they would be somewhat confused if we were now to make this rather semantic change of using the term "armed forces" instead. To argue against myself, the word "military" excludes naval of course, but I think that in the public's mind "military" refers to the entirety of our armed forces. I do not want the value of the concept of the military covenant to be degraded in any way by a confusion over this title. That point might, perhaps, be considered in Committee, of which I hope very much my hon. Friend the Member for Milton Keynes North (Mark Lancaster) is successful in becoming a member—I wish him the best of luck in his endeavours in that respect. As he says, it will be fascinating to serve on the Committee, and I hope to talk a little more about that shortly.

Bob Russell: May I help my hon. Friend by pointing out that the Royal British Legion, which, of course, encompasses all the armed forces, refers to this concept as the military covenant, so it is on his side?

Dr Murrison: I am very pleased. I am a member of the Warminster branch of the Royal British Legion and I rarely disagree with it. It has done a great job in its honour the covenant campaign. I am very pleased that it agrees with me, and I have no doubt that it will make representations to that effect.

The Government have been spot-on in the way they have approached the covenant in this Bill. I have given a great deal of thought to what we should be doing in respect of the military covenant. As my hon. Friend the Minister knows, we considered the matter at great length when in opposition, and the debate was always about the form in which it would find its way into legislation.

At one end of the spectrum, we could be fairly didactic in what we mean by the military covenant. We could make it a bean-feast for lawyers, but that is completely against the spirit of the military covenant. It derives from Harry Levinson's work in the 1950s and '60s, in which he identified something called a psychological contract: a contract that was moral and that was understood, but that was not actually laid down in any form of written covenant, promise or undertaking. It is absolutely right that we should do nothing that would destroy the military covenant as part of that type of covenant. A couple of Members have mentioned the fact that this is not simply a deal between Government and officials and the rank-and-file. It also involves the general public. If we were to start putting it in a didactic contractual form, that would degrade that particular element of the deal that we understand by the term "the military covenant".

That seems to be the view of most commentators. At the Royal United Services Institute in June 2008, Christianne Tipping said:

> "This debate must continue but it must not attempt to specify that which is incapable of specification—the psychological contract is more powerful than the legal one."

I agree. It could be said that the military covenant is at the extreme end of the psychological contract spectrum, but it is, nevertheless, part of that deal, and it is important that we treat is as such.

I welcome the annual report. The shadow Secretary of State was a little parsimonious in his praise for it. It will certainly maintain the profile of this issue. The devil is in the detail of course, in that the nature of the annual report is crucial—what it contains, how it is presented, and how it is debated. It is important that we know what the items in the report will be. We know what some of them will be, but this issue goes much further than that, of course. We must also address issues such as kit, the way we deal with the bereaved, and coroners courts. As has been mentioned, they have caused a great deal of grief over the past few years, and it would be extraordinary if they were not dealt with as part of this annual report.

It is also important that we listen to the views of third parties. They will undoubtedly comment on this, and they are also very important in the implementation of the military covenant. Government must not do that alone. If they were to do so, they would completely ignore the general public and the voluntary sector, which are another element that must be party to the military covenant. It would therefore be interesting to know what involvement from third-sector partners is envisaged in this annual report.

It is also important that the report is dovetailed with any other relevant reports there might be, such as from the service complaints commissioner, the continuous attitude survey or the external reference group. We need to know, as well, the extent to which personal functional standards subsequent to the armed forces overarching

[Dr Murrison]

personnel strategy have been satisfied, and we need to incorporate the views of the Armed Forces Pay Review Body.

Thomas Docherty (Dunfermline and West Fife) (Lab): While I welcome the hon. Gentleman's comments about external scrutiny of the armed forces annual report, does he not agree that it is vital that the House itself scrutinises the work of the MOD? Does he also agree that every year after the report is published the Defence Committee should invite the Secretary of State to appear before it to face further scrutiny?

Dr Murrison: I believe the Secretary of State does so in any case, but that is, of course, a matter for the Chairman of the Defence Committee, and I am sure that my right hon. Friend the Chairman will be only too delighted to oblige.

It is important that we thrash out what we mean by the covenant and the deal we are prepared to strike in recognition of it. On the one hand, it might be a "no-disadvantage" covenant, by which I mean that people will not be disadvantaged by their military service. On the other hand, might it mean a "citizen-plus" covenant, in that people will get a bit extra in recognition of the fact that they are serving or have served, or are related to someone who is serving or has served, in the armed forces? It is important that we do that.

We could envisage the "no-disadvantage" covenant as being what we might aspire to at the moment, and the "citizen-plus" covenant as being the sort of model that applies in the United States. Certainly, the "no-disadvantage" covenant appears to be what people have in mind in things such as the service Command Paper. The term is used in that publication and also by Professor Hew Strachan in his recent report on the military covenant. Furthermore, of course, that covenant is a great deal more attainable, and we can take a closer view of what it actually means, if we use the benchmark of not disadvantaging people by virtue of their service. A "citizen-plus" covenant, however, is more difficult and invites calls of "Me too!", in particular from other public servants who say that these days they are just as much on the front line. We could argue that point.

It is important that the annual report contains an outcome measure. We need to know what we are looking at in order to make an assessment of whether the Government have done what they should be doing in honouring the military covenant. What do success and failure look like? It is important that the document is subject to rigorous independent scrutiny, not least by the Defence Committee. The report will be subject to the media spotlight and the analysis of third parties, so it needs to be a comprehensive and detailed document, unless it is simply to become, in the fullness of time and potentially under another Administration, simply a tick-box exercise.

Over Christmas last year, my right hon. and hon. Friends were exercised by the air bridge between the UK and theatre. Perhaps that is a demonstration of a facet of the military covenant that could be covered in the annual report. I find to my great horror that similar problems arose this Christmas. It was a high-profile incident because it involved Katherine Jenkins and James Blunt and their failure to go to theatre to entertain the troops. Will the annual report cover theatre-specific elements of the disgruntlement of our armed forces? The Minister knows full well—we talked about this a great deal in opposition—that paramount in that list of disgruntlement tends to be things such as the air bridge and rest and recuperation.

Organisations such as the British Limbless Ex Service Men's Association point out that people owe their allegiance to the nation, not to localities by and large, and that the covenant is a country covenant, not a county covenant. It is important, when considering elements of Professor Strachan's report, which is excellent in almost all respects—particularly his important point about the community covenant—that we recognise that people owe their allegiance nationally and expect the covenant to be honoured nationally as well. It would be a pity if we entered into some sort of postcode lottery in how we regard our duties to the men and women of our armed forces. I represent a constituency in a military part of the country, and as a community we are fully apprised of our duties towards the men and women of our armed forces. Some parts of the country, however—perhaps because men and women of our armed forces are less prominent there—are less inclined that way, so it is important, given that this is a national covenant, that we view this nationally, not parochially.

It is also important to recognise that the covenant cuts both ways. It is a duty that the country and the Government owe to the military, but in turn the military owes a duty to the public and the Government, and it is important to assess—in my view, as part of this annual report—whether that duty is being satisfied in all respects. Everyone in this place admires our armed forces greatly—many of us have served in them—and I am second to nobody in my admiration for the men and women who serve this country so gallantly. However, there will be detractors and those who say, "It is all very well talking up the military covenant, but we also need to understand that the public have expectations of the men and women of our armed forces." It is important to include in the report, therefore, if only to gainsay it, that we have to look at areas where the public have been let down, as well as at areas in which we have let down our armed forces. I put that down as a point for consideration in Committee.

I turn to later clauses of the Bill that broadly speaking provide for the discipline elements. Clause 6 deals with the performance of the Ministry of Defence police. I have always had cordial relations with the MOD police, who work closely with their county colleagues, but, in a similar manner to the comments by my hon. Friend the Member for Milton Keynes North, one would have to ask all the time why we have a separate MOD police force. If we are going to consider in Committee the service police—our Front-Bench team made a generous offer to do so—perhaps we might also look at policing in the round within the MOD, which of course would include the MOD police. It is important that police forces benchmark their performance. The MOD police force is a particular force with a different profile; what it does is subtly different, and its arrest and conviction profiles are very different from those of county forces, and we have to ask all the time, particularly in an age when we are looking for efficiency savings, whether the current model is the correct one. I make no judgment on that, but it might be something that the Committee should look at and take a view on.

Clause 5 deals with the appointment of provost marshals and asserts that only provost officers should be provost marshals, which struck me as slightly odd. At a time when we are looking for ways of making heads of police forces lay people, it seems a little odd—it sits uncomfortably with it—to insist in the Bill that in all circumstances provost marshals should be provost officers.

I am always a little wary when it comes to extending anybody's powers—in this context, the powers of service police—unless I am faced with a good reason. That must be our starting premise. However, I do not have a good reason for why we need to extend the powers of service police. Although I am perfectly willing to take Ministers' words for it that it is necessary, we will have to tease out in Committee why we need to extend the powers in the way described.

Clauses 9 to 11 and compulsory testing have been discussed at length by the hon. Member for Dwyfor Meirionnydd and in an authoritative fashion that I cannot match. However, I start to get concerned about compulsory testing, particularly when it involves health care professionals. This is an ethical minefield and something that, no doubt will need to be explored in Committee.

Bob Russell: When the Armed Forces Bill Committee considered this point three or four years ago, we were advised—if my memory is correct—that the equivalent of two infantry battalions are discharged each year for testing positive. Under those circumstances, does the hon. Gentleman accept that the checking is an important requirement?

Dr Murrison: I think that the hon. Gentleman misunderstands me. If I develop my point, perhaps I can answer his concerns.

We have compulsory drug testing at the moment, and it has been found to be broadly successful. My concern is about further testing at the say-so of the command and because it suspects that there might be a safety-critical issue. If instances can be cited in which safety criticality might have been affected by compulsory drug testing, we have a good case for doing this, but that case has to be made before we extend those powers. I would make a small suggestion: if we are to take those powers, perhaps we might like to consider them after 12 months, using a sunset clause, to ensure that they are still necessary. If they are not, we could consider removing them.

It is not clear to me what the position of registered medical and nursing practitioners will be in all this. They operate within a disciplined service, and the rules can be quite challenging. However, looking at the Bill, I would say that were I in that position, I would be phoning up my defence society to ensure that I was not transgressing before co-operating with such a provision. I see that there is a get-out clause for medical practitioners. It all looks a bit woolly to me, but I suspect that it will be firmed up as the Bill proceeds.

The Bill will further separate service police from the command, yet service police remain servicemen and remain within that command structure; indeed, they can exercise command appropriate to their rank. I am a little concerned about these people, because they are potentially remarkably powerful individuals. We need to bear that in mind when considering this matter. Part of the military covenant is about ensuring that we do the best by the men and women who serve this country; they should not be disadvantaged. On the remarks made by the hon. Member for Dwyfor Meirionnydd, it is important that we have a system that does not impose a greater legal restriction on that population than on the general public. If our system did impose that, we would not be honouring our commitment under the military covenant, because service personnel would most certainly be disadvantaged.

I am concerned that there has been insufficient reflection on the possibility of combining our three sets of service police. As my hon. Friend the Member for Milton Keynes North said, there is potential mileage in combining the three. I sat through our consideration of a lot of the supplementary legislation to the Armed Forces Act 2006 and enjoyed it very much. However, it was clear to me that the systems of law were coming much closer together; indeed, one cannot get a cigarette paper between the three of them any more. Given those circumstances, the environment has changed and the case for combining those services into a tri-service provost service makes some sense.

I conclude by welcoming the Bill, which is a culmination of a huge amount of work. It sets the right balance between a covenant that is unspoken, moral and psychological and addressing the more obvious needs of the men and women who serve our armed forces very well. I shall certainly be supporting the Bill.

7.1 pm

Chris Bryant (Rhondda) (Lab): It is particularly appropriate that we are debating this Bill on the anniversary of the treaty of Versailles coming into operation in 1920 and the first meeting of the United Nations in London in 1946. I pay tribute to the hon. Member for Milton Keynes North (Mark Lancaster). When I was a Minister, I tried to do business with him in as friendly a way as possible in relation to the armed forces and the Foreign and Commonwealth Office. His comments about the reserve forces were absolutely right, because it is true to say that the operations that this nation have been involved in over the past 15 years could not have been conducted without the support of the reserve forces, many of whom have, I suspect, had to go into theatre far more often than they or their employers expected when they signed up. We therefore owe them "a debt of gratitude"; those words are often bandied around this Chamber, but he made a very fair point about the importance of the reserve forces. I know from my constituency that they are an important part of the contribution that is made.

The hon. Member for South West Wiltshire (Dr Murrison) was absolutely right to say that it would make more sense to stick with the term "military covenant". I am often more pedantic than is good for my friendships—[Hon. Members: "Surely not".] I thought that it was you heckling me, Mr Deputy Speaker, but as you have not had a drink yet, it probably was not. He is right to say that this phrase is now common currency and is used generally. I suppose that people who were being pedantic might say, "That merely applies to the Army", but language changes and he is right to say that trying to reinvent a concept of an "armed forces covenant" is inappropriate. I hope that the Minister will respond accordingly when considering the way forward for this Bill.

[Chris Bryant]

I particularly wanted to speak in this debate because this country's mining constituencies have produced many members of the armed forces. A large number of men and, increasingly in recent years, women have joined the Army, rather than the Navy or the Royal Air Force. When a survey was carried out in recent years of the preferred career of choice in mining constituencies or former mining constituencies, as mine must now be considered, the armed forces came out on top by far, followed by the police. I am sure that that is partly because of a tradition that there has been in many of these constituencies—there is a deep respect for the traditions of the armed forces, and people have wanted to follow in the footsteps of their fathers, grandfathers and so on—but it is also because of the economic circumstances.

At its height, a single industry in my constituency employed 130,000 men working underground, and when it disappeared and a large number of people were, in effect, left on the scrap heap politically, many of those young men felt that the only career open to them was one in the armed forces. They have managed to take a great deal of pride from such a career. They have been able to give to the armed forces and the armed forces have been able to give back. I was delighted that the Ministry of Defence decided to open a combined cadet force in Treorchy comprehensive school. In the main, cadet forces had previously been attached only to public schools—fee-paying schools—so it was a great delight to see a new one start in Treorchy a few years ago.

Dr Murrison: I agree with the hon. Gentleman entirely on that. What does he make of comments by the National Union of Teachers to the effect that it was wrong for the previous Government—and, presumably, now for this Government—to encourage the involvement of uniformed men and women in our armed forces in areas of deprivation, where there is high unemployment, because they may be preying on people there? I utterly refute that assertion and I hope that he does too.

Chris Bryant: When I have heard those accusations, as I have when political opponents in my constituency have attacked me ferociously on these issues, I have wholly deprecated them. If we examine the work that the armed forces do in schools, we find that it is not about preying on young people who, in some sense, might not have other opportunities in life. Often such work is about giving people the confidence in themselves to go on to do something that has nothing to do with the armed forces. It is about giving them a structure in life, and a sense of discipline and opportunity, which is of value to the wider community. I know that some teachers at Treorchy comprehensive were sceptical about the combined cadet force coming to the school, but since it has been in place they have been entirely supportive and have found it to be an entirely beneficial operation.

Neil Carmichael (Stroud) (Con): I agree about the importance of cadets. I visited my local Stonehouse platoon of the Army Cadet Force last week. It is fantastic and I would like to be sure that this Bill will provide the appropriate support to the cadets and the officers who train them—I am sure that it will.

Chris Bryant: I take on board the hon. Gentleman's point. I do not think that the Bill will do much directly for the cadets, except in so far as putting the military covenant in statute will make us focus on these issues more keenly. If there was one niggly point that I tried to make to the Labour Government when we were in power and would still make to this Government, it is that the sea cadets do not receive the amount of support that other cadet forces get directly from the relevant armed forces. That is a problem, especially because at the moment the sea cadets in the Rhondda spend almost all the money that they receive in support on just paying their insurance bill every year. I wonder whether we could ensure that the Ministry of Defence provides insurance support for all cadet operations. We could thereby release the sea cadets and other such forces to get on with their important work without having to spend all their time fundraising.

Charlie Elphicke: I could not agree more strongly with the hon. Gentleman on that point. The sea cadets are often the Cinderella of the cadets. Dover sea cadets are trying to buy the shed in which they train from the MOD but are having some difficulty. There is not the help that one would hope to see, so I echo and support his comments on the sea cadets.

Chris Bryant: I am grateful for those comments and I will pass them on to Minerva in the Rhondda.

My other reason for wanting to take part in this debate is that Wales has a particular tradition of its own in relation to the armed forces, not only in successive wars but in producing a much higher quantity of young men and, increasingly, of young women to go into our armed forces than would be proportionate to its population. It is difficult, as the hon. Member for Dwyfor Meirionnydd (Mr Llwyd) said, to get accurate statistics, but roughly 9% of the armed forces come from Welsh constituencies. That compares with just 5% of the UK population coming from Wales. There is, therefore, over-representation. That may in part be to do with the fact that we have higher levels of deprivation—multiple levels of deprivation—in certain parts of the country.

One of the ironies is that little of the time that Welsh personnel spend in the armed forces will be spent in Wales. They might have to go to Sennybridge. They might spend a very cold, wet, hideous, horrible time on the mountain tops in training, but the likelihood is that the vast majority of their time will be spent, even when they are in the UK, not in Wales but elsewhere.

I make a plea to the MOD and the Minister. I hope that he will be able to answer this later. When we are considering future bases in the UK, of course, as the Secretary of State said, the most important thing is ensuring the security of the realm. Every member of the armed forces would agree with that, but I argue that part of the military covenant is saying that deployment when at home, rather than when in theatre, should allow for a wider spread than is currently the case.

We have not mentioned the armed forces parliamentary scheme, but it is an important element of the way parliamentarians obtain information from those who have served or are reservists and from others from other backgrounds, and ensure that that informs our debate. In my time in the scheme, nearly everyone I met in the armed forces—this is not a partisan point—came from

a Labour constituency, but all the sites we visited were in Conservative constituencies. That is not because anyone has decided to put them in Conservative constituencies; it is just because of a series of historical flukes. I urge the Government, as they consider what to do about the redeployment from Germany, to think about whether there is a base, for example, at St Athan, that might be used to base Welsh troops in Wales. I say that not as someone who supports a separation of Welsh armed forces from British armed forces but as someone who wants to reinforce the Welsh armed forces.

I believe that there are several elements to the covenant that are not mentioned in clause 2 but are equally important. We have debated one—equipment—at some length in the past few years, in particular because our troops are in theatre in Iraq and Afghanistan. The hon. Member for Milton Keynes North said that he felt that the equipment he was given when he was last deployed was far more suitable and up to date than previously. He is right, but there is going to be a constant process of change.

Likewise, ensuring that our troops have the most up to date, effective training possible is important. Several hon. Members have referred to whether it is possible to unify posts between the three services in relation to the military police. I argue that we need to go much further and extend that combination of training. Those who have had an opportunity to visit Shrivenham will know that bringing the training of officers in the Army, Air Force and Navy together in one place, which was at one point thought unthinkable—the idea that the Royal Navy would leave Greenwich was believed to be unthinkable—has brought enormous dividends to all three services. Notwithstanding the decision that seems to have been made in relation to St Athan and defence training, we need to be able to do more of our training on a shared forces basis because there is more that each of the services can learn from each other.

The hon. Member for Dwyfor Meirionnydd has a long record of campaigning on veterans issues, for which I pay tribute to him. All too often, people think of veterans as people who served in the first or second world wars, but many of the veterans in my constituency are 25, 26 or 27 years of age and their service will not just be for the few years that they spent being paid by the armed forces; in terms of the psychological and physical issues that they have to deal with, their service will be for the whole of their lives. Not only will they be serving in that way, but their families will, too. He is right to point to the need for continuity of care beyond—in many cases far beyond—the day when someone goes into civvy street.

I caution the hon. Gentleman, however, as I tried to do earlier—this crops up quite regularly in our debates—about the difference between correlation and causation. For example, it is often argued that couples who co-habit and have children are far more likely to split up than those who marry and have children. It is factually true. The question is: is that because they got married, or because they are the kind of people who felt differently about the institution of marriage in the first place? In other words, is there correlation between these statistics, or is there causation?

That is where we need to be precise in relation to the ongoing care of those in the armed forces. Many of the young people who join the armed forces from the Rhondda go in with many of the problems that they will leave with. They go in, as we know, with lower levels of literacy, which is why the armed forces in recent years have had to do much more to ensure that our troops have a high level of literacy. Some of them will have difficulties with other educational issues that need to be addressed.

The point is that it is not necessarily because those people were in the armed forces that some of the problems follow. Where the problem is because they were in the armed forces—perhaps because their training was so effective that they do not realise the lethal nature of the punch that they could deliver compared with someone else—it is all the more important that the MOD and the whole of society take action to ensure that young people, as they go into the armed forces and see through their years in service, and when they leave, have the full support and training that they need.

I know that many others want to take part in the debate and I do not want to delay others from speaking any further, but I hope that the Minister will respond on the issue of Welsh troops being based in Wales because it is one of the ways that we can ensure that there is continuity for young people who are removed from the Rhondda to serve in Iraq or Afghanistan, or who spend all their service career living in Wiltshire. When they are finished, they come back to the Rhondda—

Mr Gray: As Conservatives.

Chris Bryant: I am not going to respond to that, although the hon. Gentleman is enticing.

By that uprooting, those service personnel are not given a proper chance when they go back. The key element is ensuring that that matter is addressed not just by the MOD, but by the Welsh Assembly Government.

7.18 pm

Mark Menzies (Fylde) (Con): It is a great honour to take part in the debate. I do so not with the great knowledge of some hon. Members who have contributed today. I have not given the service that they have given. However, I am the Member of Parliament for the Weeton Army barracks, and that makes me incredibly proud of the men and women who serve there. It is currently home to 1st Battalion the Royal Green Jackets and the Kings Division Normandy. On visits to the barracks, one sees and hears first-hand the people who serve our nation with great distinction.

Before I expand on that, I want to pick up on comments from the hon. Member for Rhondda (Chris Bryant) and my hon. Friend the Member for South West Wiltshire (Dr Murrison). Two key points were made. First, we should not seek to ignore the work that is put in to support the psychiatric services that support those who come back from the armed forces. Secondly, we should not fail to understand the importance of getting the Army into schools and of engaging with young people at a young age. Communities such as that in Rhondda and in the area that I originally come from are great respecters of authority and tradition and the British armed forces are a great example of that. It would be a great shame if, as a result of union activity or the activity of other people who have an axe to grind, we stopped allowing our armed forces into our schools to engage with young people.

[Mark Menzies]

I want to focus on clause 2 and the issues to do with welfare. When I visited Weeton Army barracks, one thing that gave me great encouragement was the existence of the Sure Start centre. Let us not forget that when one is dealing with young children—particularly very young children—one of the most important things in their lives is stability and continuity, as well as support for their parents when the father is serving in the armed forces overseas. I went away that day encouraged by the work of the Sure Start centre and I hope that when we consider some of the Bill's provisions, the work done by Sure Start centres on Army bases—I am bothered not about what we call them, but about what they do—continues.

The other thing I took away from that visit was the importance of Commonwealth soldiers. We tend to think of members of the armed forces as being from our communities, but in many cases the armed forces—and in some cases a significant number of them—are made up of men and women from other corners of the globe. A number of armed forces on Weeton Army barracks are from Fiji. Forgive me, as I do not have the full details on this point, which is one about which I want to write to the Minister, but one thing that concerned to me was the issue of visas and the payment for visas for the wives of Fijian soldiers. The figure I left with in my mind was £700 and if we are asking the wives of Fijian soldiers to pay £700 to be in this country and to be with their husbands, who are serving our country, that makes me feel deeply uneasy. Immigration is another matter, but if we can be hospitable to other people then, my goodness, we need to be hospitable to the wives of Commonwealth soldiers. I hope we can consider that at some point—*[Interruption.]* Sorry, the hon. Member for Rhondda corrects me: British overseas territory soldiers.

Weeton Army barracks have an excellent school, albeit an old one. Weeton can be no different from many other bases up and down the country. At a time of financial constraint, we must ensure that local authorities do not take the easy option and cut funding or do not invest in new buildings for schools located on Army barracks or other military facilities in favour of others that might be more high profile. The school at a barracks is attended not just by children from the base but by children from the local community. That is an excellent way in which people from the non-military community can integrate and get a good understanding of military service.

Finally, as regards ensuring that the military covenant is maintained, a political aspect that we always used to talk about was the quality of housing. It is not just about the availability of good-quality housing but about ensuring that those homes are sufficiently maintained and are maintained in a speedy and timely manner. I have had representations from members of the armed forces that involve stories that we would not tolerate for any of our constituents in social housing or in properties owned by a private sector landlord. However, we seem to think that it is in some way acceptable for members of the armed forces. We must ensure that those homes are maintained and, when they are not maintained, that people are quickly held to account.

I will be proud and happy to support the Bill, just as I am proud to support the members of the armed forces who serve and who have served in the past in my constituency.

7.25 pm

Thomas Docherty (Dunfermline and West Fife) (Lab): May I begin, Mr Deputy Speaker, by wishing you and the whole House a very happy new year? *[Interruption.]* I am just disappointed that it is Opposition Members who have all the festive cheer at this time of year—[HON. MEMBERS: "Where are they?"] I am pleased to see so many Conservative Members in the Chamber today; they obviously were not encouraged to go to Oldham to support the Lib Dem candidate in that by-election.

I pay tribute to our armed forces, who continue to serve overseas, often in difficult circumstances. Like many other Members on both sides of the House, I have had constituents who have tragically lost their lives in the service of the country. I know that their sacrifice will never be forgotten.

I have both a dockyard and a naval base, HMS Caledonia, in my constituency. I have a particular interest in this subject as so many people have such a long and proud tradition of serving our nation in the armed forces. Although the Opposition obviously support the principles of the Bill—as the Secretary of State said, it is in some ways a technical requirement to maintain our armed forces—I and, I am sure, other colleagues have some specific concerns that are as much to do with what is missing from the Bill as what is in it.

First, let me turn to the issue of the armed forces charter or covenant, or the military covenant, depending on one's viewpoint. As some hon. Members might recall, late last year I introduced a ten-minute rule Bill on an armed forces charter. Although I do not intend to rehearse all those arguments, I said at the time that Opposition Members share the concerns of the Royal British Legion that the Ministry of Defence needs to do more to introduce more effective prevention and treatment strategies to tackle mental health problems, binge drinking and drug abuse. Both the Opposition and the legion, as well as other service and veteran charities, are deeply concerned that of the 50,000 service personnel homes in the United Kingdom, two thirds do not meet the MOD's standards for family accommodation. Under the spending outlined by Ministers, it will take 20 years to bring all the family accommodation up to an acceptable high standard.

Ms Louise Bagshawe (Corby) (Con): Is that shameful legacy not in fact the legacy of the hon. Gentleman's Government, and are this Government not taking steps to put that right?

Thomas Docherty: I am very grateful to the hon. Lady for her comments, which allow me to point out that under the previous Labour Government, 75,000 single bed spaces were brought up to—or had funding put in place to bring them up to—standard.

Ms Bagshawe: In 13 years?

Thomas Docherty: I am grateful for the opportunity provided by her sedentary comment to point out to her that we achieved a great deal more than that in terms of armed forces standards. It is disappointing that that level of funding has not been continued by the current Government.

Bob Russell: I wonder whether I might help the hon. Gentleman by being devil's advocate and pointing out that it was the previous Conservative Government who privatised the Ministry of Defence housing through Annington Homes. That is the root cause and this Government need to do more to put right what the last Labour Government failed to do.

Thomas Docherty: I am grateful to the hon. Gentleman who, as ever, shows his fancy footwork, blaming both his Government and the previous Conservative Government. I must agree that his Government are not doing enough to support housing.

Opposition Members are deeply concerned that although the Ministry of Defence is happy to place new onuses on local authorities and the NHS, the one group of people that should not have statutory responsibilities according to the MOD is, funnily enough, the MOD. By that rather large omission, clause 2, which covers the charter, is in effect toothless. The organisation that, more than any other, has responsibility for the welfare of our service personnel, their families and our veterans is, of course, the MOD. When he replies to the debate later this evening, I hope that the Under-Secretary of State for Defence, the right hon. Member for South Leicestershire (Mr Robathan) will assure Labour Members that the MOD will re-examine that glaring omission.

The hon. Member for Corby (Ms Bagshawe) and others often accuse Labour Members of not coming up with funding solutions to meet such commitments. I will indulge her by providing a simple example of where we can find more than £100 million, which could be put into accommodation for service personnel. According to the MOD, we spend—before she jumps to her feet, I accept that the previous Government did not do enough to tackle this issue—£110 million on private school fees for the children of service personnel. Almost half that money—some 40%—goes to officers in the top ranks of lieutenant-colonel and above, who are effectively the top brass, while only 10% goes to the ranks of staff sergeant and below. It is, in effect, a subsidy for public schools.

Mr Robathan: I want to shoot this canard, fox or whatever you like. People in junior ranks, both officers and non-commissioned officers, tend to be younger. Guess what? They do not have children who want to go to such schools. In fact, there are private soldiers whose children go to private schools, and there are junior officers whose children go to private schools. They are not at home, and they need the continuity of education provided by that allowance.

Thomas Docherty: I thank the Minister for spelling out his position. This evening, I have tabled a written question to clarify how many of the service personnel who receive the £110 million subsidy—the schools get the money—are serving overseas. One of our concerns is that those officers are on not two or three-year furloughs overseas but six-month deployments. The MOD is, in effect, providing a ring-fenced sum of money for public schools, which is disappointing at a time when we are seeing job losses in both the armed forces themselves and in companies such as British Aerospace. When the MOD made cuts, it did not take a penny out of the continuity of education allowance, and that decision should be re-examined.

Dan Byles: Is the hon. Gentleman suggesting that when soldiers return to the UK after perhaps two years, their children should move schools, and that when, two years later, they are posted overseas again or to a different part of the country, their children should return to boarding school? That does not make sense.

Thomas Docherty: I shall clear that up before giving way to the Minister: if the argument for spending £110 million a year on public schools is based on soldiers being posted for six months to Afghanistan before returning to Britain, it is not an acceptable use of public money.

Mr Robathan: As the hon. Gentleman may know, we are tightening up the rules on the continuity of education allowance. If he would like to come along to the MOD and meet them, I can introduce him to people who will tell him, as they tell me, that their children have changed schools as many as four times in five years, which is not good for continuity of education or for keeping good personnel in the armed forces.

Thomas Docherty: I am grateful to the Minister for his offer to meet me to discuss the matter outside the House, which I shall certainly take up. I will not labour the point for much longer, because other hon. Members want to speak. As we move to withdrawing troops from Germany in 2015—perhaps it will be slightly later, if the MOD does not get its timetable right—it is the right time to consider scrapping or phasing out the continuity of education allowance.

Mr Gray: Has the hon. Gentleman considered what effect that would have on the excellent Queen Victoria school in Dunblane, which is close to his constituency and located in my home town? It is a private boarding school for the sons and daughters of other ranks in all three services.

Thomas Docherty: I am grateful to the hon. Gentleman for highlighting that school. I have specifically referred to the continuity of education allowance. As the Minister will confirm, that school and its sister school in Dover—if the hon. Member for Dover (Charlie Elphicke) is listening, I am sure that he will confirm this—are directly funded by the MOD. That funding does not come through the continuity of education allowance.

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): I represent a naval port. Families are moved from Plymouth to Portsmouth, Faslane or Rosyth. It is difficult for those families to get their children into schools, because they may be moved in July, by which time the local authority has already made its decision. The issue is about providing continuity, safeguards and security for those children's education. If those children are moved on a regular basis and do not get into the right school, it can make life very difficult. I am the son of a sailor, and my education was moved around during the course of my life. We must ensure that children have the opportunity to go to school with continuity in order to safeguard their futures.

Thomas Docherty: I seek further clarification, because the hon. Gentleman has made an interesting point. The purpose of the continuity of education allowance is to

[Thomas Docherty]

help those personnel who are serving overseas, but he has said that it applies to personnel who serve in different parts of the United Kingdom. He has mentioned Rosyth, and we have some excellent schools in West Fife. There would be no problem with the children of personnel getting into some of our excellent schools, and I am happy to recommend some of them to him.

Dan Byles: I will put the matter in context for the hon. Gentleman. In my nine years of service, I was posted to Colchester, Kosovo, Catterick, London, Bosnia and Tidworth—six locations in nine years. People do not know whether they will be posted overseas. The posting order sometimes gives them as little as a month's notice of where their next posting might be—if they are lucky, they might get two or three months' notice. The issue is about not only being posted overseas, but about having a completely disjointed lifestyle.

Thomas Docherty: It is strange that Conservative Members are unwilling to draw a comparison with the private sector. In my eight years in the private sector, I lived in a number of locations. I know many people who work in the private sector—and, indeed, in the public sector—who have to move home every two or three years. It is regrettable that as a result of some of the decisions that have been made, that trend will increase. It is unusual to hear Conservative Members say that moving home and uprooting one's family is not part and parcel of a modern career path. I accept the point about interrupting the education of those pupils who currently receive the continuity of education allowance. That is why we need to consider phasing out the scheme, so that no child who is currently in receipt of it is adversely affected.

I want to move on to an issue that I am disappointed has not made it into the Bill, and I hope that the Secretary of State and the Minister will reflect on this point in the days before the Select Committee begins its deliberations. The issue concerns ensuring proper scrutiny and a proper process for base closures. Labour Members and many Government Members, including the right hon. and learned Member for North East Fife (Sir Menzies Campbell), have long held the view that the correct order of decision making on military matters begins with determining our national security threats and foreign policy objectives. We should then determine the defence postures needed to meet those objectives and threats, and then make decisions on the basing, equipment and personnel levels required to meet them. After that, we should decide how best to structure the funding.

Mr Gray: I, too, feel strongly about this matter because RAF Lyneham in my constituency is threatened, but will the hon. Gentleman explain which aspect of the Bill has any bearing whatever on the basing considerations?

Thomas Docherty: Like other Opposition Members, I would like a clause on this issue to be inserted into the Bill. As the Secretary of State has said, the Bill presents an opportunity to legislate on the armed forces and that opportunity comes around about once every five years. As he said, this is the Ministry of Defence's opportunity for a Christmas tree Bill, to use American parlance, on which to hang additional amendments and clauses that do not necessarily fall within the strict area of military discipline. That is what Opposition Members seek.

I have just outlined the usual process and it is disappointing that the coalition has turned that process on its head with the Chancellor and the Chief Secretary to the Treasury telling the Secretary of State for Defence, "This is your budget: this is all you are going to get—go and make it work," rather than taking any real cognisance of the vital national security role. That is why we are in the absurd situation of having aircraft carriers with no aircraft. Even if the French get their aircraft carrier to work, we will go a decade without any fast jets because of the folly of Treasury decisions. That has led to communities facing a great deal of uncertainty regarding base closures. Having attended some of last year's debates in the House—as did the hon. Member for North Wiltshire (Mr Gray)—I have heard the concerns felt by communities around the country about the Government's process of determining base closures.

Last year, I was fortunate enough to go to the United States with the British-American Parliamentary Group and I strongly commend that scheme to hon. Members on both sides of the House who have not had the chance to get involved in it yet, because it gave us the chance to meet, among others, representatives of the Pentagon, the Department of State and the National Security Council. On that trip I learned that the US has a legislative process for base closures. With such a system, we would not get the current absurd situation in which the Secretary of State for Defence has said that base closures would be a purely strategic defence matter, the Chief Secretary to the Treasury has said that they would be motivated by socio-economic matters and the Prime Minister and the Chancellor have both told us that they will be driven by financial needs. Such confusion does not arise in the US because there is a clear process and military personnel have at least two years' notice before any base may be closed.

The base realignment and closure process, as it is officially known, was set up in the late 1980s by the Reagan Administration to act as an arbiter between the Department of Defence, congressional leaders, individual Congressmen and communities who were understandably fighting—I hope hon. Members will pardon the pun—tooth and nail for each base. Going back to the question of the hon. Member for North Wiltshire about why this issue should be part of the Armed Forces Bill, it is because such a change would require an Act of Parliament in the same way that it required an act of Congress in the US. The BRAC process begins with a threat assessment.

Mr Gray: I am sorry to come back to this issue, but as the hon. Gentleman has mentioned me, perhaps it is reasonable for me to do so. The long title of the Bill shows that it deals with very specific issues to do with discipline, civilian courts, the Naval Medical Compassionate Fund Act 1915 and a number of other matters, but under none of the headings in the long title could the basing debate be considered. If it is in order to discuss this issue, I feel a lengthy speech on RAF Lyneham coming up.

Thomas Docherty: The hon. Gentleman is an excellent orator so we will all look forward to his speech, which I am sure will not feel lengthy to anyone. We are guided

by the Clerks and the advice that we have received is that it will be entirely appropriate for us to table additional clauses in Committee. I am sure that the Clerks will advise hon. Members on the process for amending the long title of the Bill if that is necessary and practical.

I am conscious that other hon. Members wish to catch your eye, Mr Deputy Speaker, so I shall press on. The independent commission in the US is appointed by the President in consultation with members on both sides of the congressional aisle—I understand that there are two nominations from the Democrats and two from the Republicans and that they are traditionally former service chiefs. The commission carries out a very transparent process in which it is given a list of bases and works according to the criteria set out in law. The highest criterion is defence—I am sure that Members on both sides would agree that that is appropriate—but the commission is allowed to take into account, as a secondary consideration, factors such as the economic impact of closure on local communities. Regional public meetings are held to give the public an opportunity to give their input into the process. When the commission has completed its work, it forwards its recommendations to the President who can accept the proposal as a whole or simply reject it. If the President accepts the proposal, it is forwarded to Congress, which then has a debate and what is called a straight up-and-down vote on the list in its entirety. That is important because it prevents cherry-picking and means that the strategic objective of securing the best base system for the nation is not lost.

I conclude by asking the Minister to answer two questions in his response. First, he will be aware that many of the functions of supporting veterans fall on the devolved Administrations. What discussions between the devolved Governments and the Ministry of Defence have taken place and will take place as the Bill goes forward on how to ensure that there is no difference of interpretation or implementation between England, Scotland, Wales and Northern Ireland? Secondly, will he clarify whether, given the comments of the hon. Member for North Wiltshire and others, it is technically in order for Members to seek to add new clauses in Committee, without prejudicing what the MOD's thinking on that matter might be?

7.48 pm

Bob Russell (Colchester) (LD): At the outset, let me place on record my admiration for and appreciation of soldiers from the 16 Air Assault Brigade, approximately 3,000 of whom from the Colchester garrison are currently deployed in southern Afghanistan. I thank the Secretary of State and the shadow Secretary of State for their opening words and I also thank the Secretary of State for his recent visit to Camp Bastion and his generous words of support there. I pay tribute to the families back in Colchester and around the country and to the rear party who do important work but are seldom mentioned. So, I thank the rear party and the men and women of our armed forces, including of 16 Air Assault Brigade, and I mention especially the regimental band of the Parachute Regiment who spent Christmas and the new year in southern Afghanistan.

The previous Government can be congratulated on many good things that they did, most notably for veterans, partly by giving them a profile that did not exist before. The introduction of Veterans day and the veterans badge have been well received right across the United Kingdom. We have already accepted the principle of the veterans badge, but there is one additional thing that I ask the coalition Government to take forward: the award of an armed forces medal. Not everybody who joins Her Majesty's armed forces is deployed to a theatre where a medal will be awarded, and we should recognise that there are important members of Her Majesty's armed forces who do not necessarily get a combat medal.

Bob Stewart: But that is the whole point of the medals: they are awarded for service in an operational theatre. We do not want to make this about having a Mickey Mouse parade on one's chest. The reason why a medal is awarded is that someone has served a set time in an operational theatre. Let us not make us glorified toy soldiers.

Bob Russell: Putting aside the hon. Gentleman's closing sentence, I am aware of the counter-argument, but there is a strong argument the other way, too. We respect all who serve in Her Majesty's armed forces; that is what the veterans badge is about, but it is not quite the same. I do not qualify either way; I merely make the point on behalf of those who have raised the matter.

Looking around the Chamber, I think that I am the only Member present who served on the last Armed Forces Bill Committee, and I was present when that Bill was debated on the Floor of the House, too. It has served the country well, and it is right that we should now revise it. As to whether I will be on the new Bill Committee, we will have to wait and see.

Several hon. Members have mentioned the quality of housing for families, but the issue of single persons' accommodation has not been raised. Colchester is blessed with the most modern barracks in the country, Merville barracks. I disagree fundamentally with the way in which the last Government used a private finance initiative to fund those barracks, because over time it will be far more expensive than using traditional methods of funding public assets. However, the barracks are the benchmark for all our military accommodation for single people.

There are many ways in which family accommodation around the country leaves a lot to be desired. I hope that the coalition Government, notwithstanding the financial legacy that the Labour Government bequeathed us, will realise that if we want the best from the best armed forces in the world, we have to provide them with accommodation, and particularly family accommodation, that is fit for purpose.

I ask the Minister to define what is meant by "education" in the Bill. Is it education of the serving man or woman, education of the children of military personnel, or education in the round? I genuinely do not know the answer. In the previous Parliament, the Defence Committee reported on service children's education. The Armed Forces Bill Committee, when constituted, may want to look back and see what that report said, because the issue is not just the education of our serving military, though that is obviously important—increasingly important, sad to say—but the education of their children.

I mentioned war widows and the fact that they have to pay tax on their pension. I understand from one of the young war widows in my constituency that it is not described as a war widow's pension. When she has need

[Bob Russell]

to mention the pension, the documents do not say that she is a war widow. That, to her, is very important, because her husband lost his life in Afghanistan nearly three years ago. I cannot remember what the description is, but it is not "a war widow's pension." It may be just a small tweaking of words that is needed, but it is important.

I pay tribute to the reservists, whom Members have mentioned. We need to see whether we can somehow inject that issue into the Armed Forces Bill. As has been said, reservists are increasingly an important, integral part of service. When I went to Iraq as a member of the previous Armed Forces Bill Committee, we certainly saw a lot of reservists, and I have also seen them in my visits to Afghanistan. They have a very important part to play.

Mention has been made of the cadets. Last year was the 150th anniversary of the Army cadets. Reference has been made to the fact that sea cadets are not funded on the same basis as the Army and air cadets. Perhaps we can look at that in Committee.

Just as a throwaway line, on the overseas territories and the Commonwealth—I asked a parliamentary question on this—please understand that nearly 10% of the British Army is not from the United Kingdom. The Commonwealth obviously accounts for most of that figure, but other nations around the world have citizens serving in Her Majesty's armed forces.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): I endorse the hon. Gentleman's commendation of reservists, as an ex-reservist myself. Does he have a view about the people who enable reservists to take part in all the activity that we now require them to take part in? When I was a member of the Territorial Army, the most dangerous place we ever went was Warminster, but things are now very different, and I suggest that when we commend soldiers, we should also commend those people, often from quite small businesses, who enable them to undertake their duty on our behalf.

Bob Russell: My hon. Friend makes an extremely important point. Frequently, without the understanding and support of the employer as regards training and deployment, that could not happen. He is right to draw my attention and that of the House to that point, and I am more than happy to put on record our appreciation of the employers who enable that to happen.

The Bill refers to the Ministry of Defence police. At the commencement of the last Labour Government, there were approximately 30 members of Ministry of Defence police serving on the Colchester garrison lands and properties; there are now three. I have been to see Ministers about that, and have raised the issue in debates time and again, but unfortunately, the Ministry of Defence in Whitehall decided that Colchester garrison now needs only three Ministry of Defence police officers where, 13 years ago, there were 30. That has had a serious impact, and I have flagged this up in the past in Committee, as the officials who were present, and *Hansard*, will confirm.

Ministry of Defence housing stock was reduced, and houses were sold off and became part of housing for the civilian population. It is a fact that Army family housing has a military, self-imposed discipline, which is sadly not reflected in civilian housing. In Colchester, the former Army housing estates increasingly house private citizens, if I may use that term, who, like any other civilians, have late-night parties and a social life that is not the same as the self-imposed discipline of military families. Over the past two or three years, I have picked up complaints from Army families who say that their lifestyle is being impacted on by the civilian population. If the Ministry of Defence police were there, that would help. They should have been replaced by the Essex constabulary, but with the best will in the world, the Essex constabulary do not have 27 spare police officers to replace the 27 MOD police officers. There has therefore been a huge reduction in policing, and I hope that we can discuss that issue in great detail in Committee.

Mr Russell Brown (Dumfries and Galloway) (Lab): Can the hon. Gentleman clarify the cost of an MOD officer compared to the cost of an Essex police officer?

Bob Russell: That is a good question. I do not know the answer, but it is the sort of detail that we should discuss in Committee.

I am talking about a huge reduction in security for the Army families, which is not good. Fortunately, we are living in more peaceful times in the United Kingdom. At the time of the IRA troubles, like any other military town we needed all the security that was going.

Thomas Docherty: My understanding is that like the Civil Nuclear Constabulary, the terms of operation and the rights of the MOD police are much more limited than those of the civilian police forces. Is that correct?

Bob Russell: No, that is incorrect. A Ministry of Defence police officer has marginally more powers than an ordinary police officer because he is a police officer plus. He has the military addition. We must not get confused with the red caps. In Colchester we now have a combined police station, with the Royal Military Police—the red caps—the Ministry of Defence police and the Essex constabulary all working out of one police station. MOD police officers—as *Private Eye* calls them, MOD Plod—are police officers plus, because they are also part of the garrison Army family.

Until the last general election, I was one of three parliamentary advisers to the Royal British Legion. As the Labour and Conservative Members who advised it stood down at the election, it decided to end that arrangement. It now has other ways of bringing matters before Parliament. I mention that because reference has been made to the military covenant. Early-day motion 1 in November 2007 was tabled by myself and was eventually signed by 203 Members throughout the House, 17 of whom are now Ministers—four are in the Cabinet, and three are Defence Ministers, including the Under-Secretary of State for Defence, the hon. Member for Mid Worcestershire (Peter Luff), who is on the Treasury Bench. You, Mr Deputy Speaker, also signed it, along with Mr Speaker, who was not the Speaker then.

Alongside the Royal British Legion, which does valiant work, we have the Army Benevolent Fund, or ABF The Soldiers Charity, as it likes to be called; Veterans Aid, one of the smaller specialist charities, if I may use that term, which does fantastic work for former military

personnel who are at the bottom of the pile and is based down the road in Victoria: Combat Stress; and numerous military, regimental and other charities. We need to get their recommendations, advice and views when we consider welfare and so on. Help For Heroes has taken off. I am pleased to say that one of its first rehabilitation centres, if not the first, will be in Colchester.

I suggest to the Committee that it visit the Military Corrective Training Centre in Colchester, which takes people from all the services who have been given a custodial sentence and whom the Army, Navy and Air Force wish to have return to the service. The centre is almost like a finishing school. The vast majority of those who go there are Army, it must be said, and the vast majority of those who graduate from it return to their units as better soldiers, sailors or airmen as a consequence. The centre also deals with those who have been given a military sentence before they are discharged. I mention that not because I am advocating that our civilian prisons should become military—far from it; I was very much against a previous Government's boot camp policy—but because I am sure the civilian Prison Service could benefit from the education and training provided by MCTC.

I conclude by commending the Bill. The debate has been constructive on both sides of the House. There will be differences, but I am sure of the unity of purpose in the Chamber for our armed forces. I hope the Bill will go forward and eventually become an Act.

8.5 pm

Mr James Gray (North Wiltshire) (Con): The hon. Member for Colchester (Bob Russell), as is his wont, added considerably to what has been a long and interesting debate so far this evening, predominantly on clause 2 and the military covenant. By reference to Colchester, the hon. Gentleman made a useful contribution to the debate.

Although the rest of the Bill is extremely important and our armed services would not exist without it, there are others much better qualified than I who will no doubt address the other parts of the Bill later in the debate and in Committee. Therefore I, too, will focus most of my attention on the military covenant.

It is a rather frightening and humbling experience in this place to follow speakers who know so much more about the subject than oneself. In particular, I pay tribute to my hon. Friend and constituency neighbour the Member for South West Wiltshire (Dr Murrison) and his colleague, my hon. Friend the Member for Milton Keynes North (Mark Lancaster), both of whom know more about the military covenant than most other Members in the Chamber today will ever find out. I pay tribute to their contributions.

I will not seek to equal that or compete with it. I shall focus on the concept of the covenant, why it is there, what it does, and in particular, what the Bill does to strengthen it. The covenant has, of course, existed for many years. I speak from two personal areas of experience. The first is as chairman of the all-party group on the armed forces. Several of my co-chairmen and vice-chairmen are present in the Chamber this evening. It is a humbling experience to see each of the brigades returning from Afghanistan marching through Carriage Gates, arriving at the east door of Westminster Hall and going down to the Terrace for a reception.

At the most recent event, when 4 Mechanised Brigade arrived, I was particularly struck by one soldier wearing his combat kit cut off where his boxer shorts would be. It was only afterwards that I discovered the reason. He was marching in the column. He was not a casualty. The reason for that rather unusual form of military dress was that the third degree burns to his legs were so severe that he was unable to take even the light cotton of desert combats against the skin. None the less, he was determined to march in with the rest of them. I pay tribute to such people. Very few of those in the Chamber tonight could compete with that level of true heroism.

I say the same thing about many of the people whom I meet week by week and day by day in the high street of Wootton Bassett. Large numbers of the regiments and the fallen soldiers' families come to our events in Wootton Bassett, which are held twice a week. The heroism that they show and the bravery and pride that the families show about their close relative who has been killed in Afghanistan is a humbling experience.

With that as background, we have to think about what we as a nation and as a Parliament are doing with regard to our armed services. My hon. Friend the Member for South West Wiltshire asked whether the military covenant was about improving the lot of soldiers by comparison with other citizens, or whether it was about removing the disadvantage suffered by soldiers. If somebody has to serve under the most appalling privations, as they do in Afghanistan and elsewhere; if somebody has to close the Queen's enemy, risk being killed by them or, even worse, have to kill them, not something that any of us would want to do; if somebody has to risk the most appalling injuries, to which some of those whom we have seen visit Parliament over the years stand tribute; and if somebody has to suffer as our soldiers suffer, we as a nation owe them more than we owe other public servants.

Of course, public servants such as firemen and all sorts of people do useful things, but, when we require a person by his job to do the things that we require our soldiers to do, we owe them more than we owe any other public servant. So, with the military covenant, we ought to seek not just to resolve the disadvantages that our soldiers face, but to add to the covenant the idea of improved citizenship, as I think my hon. Friend called it.

A number of us in the Chamber have been out to Afghanistan, and I was there not so long ago with the hon. Member for Colchester (Bob Russell). When one says to soldiers and, come to that, sailors and airmen, "What sort of things are you worried about? What are your problems here on the very front line? Are you worried about the kit?", the answer by and large is, "No, we are not. The kit that we are issued with now is second to none in the world." When one asks, "Are you worried about the Taliban, being shot at, being deployed, being hungry, being cold or the desert conditions?", one finds that they are not concerned about that at all. Those of us who come to this place and say that somehow or other our soldiers are worried about that sort of thing are wrong. When one meets someone on the very front line and asks, "What is it you are most worried about in your service career?", they say, "I am worried about the family back at home, the housing, my pay and conditions and what I am going to do after I have left the Army." They are not worried about the ordinary, run-of-the-mill occupation of being a soldier,

[Mr James Gray]

because they signed up. They recognise the dangers of being shot at, killed, serving in awful conditions and all those things. What they do not recognise are the appalling consequences for their marriages, families and lives after they have left the services.

Earlier in the debate, there was a rather sterile, academic and statistical discussion of whether a disproportionate number of soldiers find themselves imprisoned or suffer from drug or drink abuse after they have left the services. Those people do suffer after they come back, however, and it is thanks to us sending them there—our decision in this place. We decide to send them to Afghanistan. They face all those privations, they come back and many experience prison or mental, drug or alcohol problems thereafter, and we have to bear responsibility for that and put it right.

The military covenant aspect of the Bill is in some ways the most important part, although all the legislation has much to recommend it. With that as a background, it is important that we first thank and congratulate the Government on their commitment to recognise the military covenant and to put it into law. Secondly, we should very much recognise that they have taken some steps to do so, and that in the Bill we have clause 2, because in the military covenant's long history it has never once been recognised in law.

Without being difficult, however, I have a couple of questions for the Government on which Ministers might choose to brood before they come to reply. First, I have some difficulties with the constitutional aspect of taking something that should be a ministerial or political duty and trying to put it into law. Law is something for which there is a sanction if it is not adhered to, so I wonder what would happen if some subsequent Government—I am sure not this one—20 years from now failed to fulfil the covenant. What would be the sanction against the Secretary of State? Would he come before the House and get ticked off? Would he go to prison, pay a fine or lose his job? What would be the sanction inherent in the Secretary of State failing to perform under clause 2? The same applies to a number of Bills that we passed before the general election on climate change and child poverty. They are not capable of sanction, and I slightly wonder whether there is a constitutional difficulty with putting the covenant in the Bill as it has been. In other words, should it not be a matter about which Ministers are overwhelmingly concerned, whether or not it is written into law? If they were not, they would lose power at a subsequent general election, so there is quite an interesting constitutional conundrum in the Bill.

Dan Byles: Does my hon. Friend also agree that there is a danger regarding who decides whether the law has been broken? Will the matter go before the courts? Will we see judicial intervention on the matter of whether the Secretary of State for Defence has broken the military covenant?

Mr Gray: My hon. Friend makes an interesting and important point—exactly what I was driving at. Who decides whether the provisions of the clause have been achieved in years to come?

That leads to me to the second part of my question. My party's manifesto went to great lengths to say how important the covenant was and how we as a party in government would put it into law. We talked about a broad spectrum of things in the run-up to the general election, but before us we have a relatively modest clause, simply saying that the Secretary of State will bring forward a report once a year. He will draft it and say what is in it, although it will be about education, housing and health care and in such other fields as the Secretary of State may determine. So, he will sit down, write a little essay about all the things that he has done to achieve the military covenant and bring it before the House.

We do not know from the Bill whether there will be an oral statement, thereby allowing hon. Members to question him, a written statement or a statement to the Defence Committee, thereby enabling us to scrutinise it carefully. What form will the statement take, and what powers will the House have to hold the Secretary of State's feet to the fire? Is it possible to imagine a situation in which he comes to the House and in his report says, "I am extremely sorry. This year we have broken the military covenant in a great many ways and done terribly the wrong thing by our armed forces"? Of course not. The Secretary of State will come along every year with his statement and say, "Look what marvellous things we have done with regard to the covenant," and hope not to be too carefully cross-examined over it.

Given how strongly I feel about the importance of the military covenant, and given that I feel we owe it to our soldiers, sailors and airmen, whom we ask to do such awful things that we ourselves would never consider doing, I slightly question—I do not mean to be disloyal—whether the clause achieves what the coalition Government set out to achieve. Is it actually a rather sad little clause? Could it be strengthened? When the Minister responds to the debate, I would like to know in particular how the Government see it operating. Will it be a mechanism by which this House holds the Government to account? Will it enable us to hold the Minister's feet to the fire and say, "Secretary of State, you're not living up to the military covenant. You've broken it"? Or is it just going to be a little PR exercise, enabling successive Secretaries of State to say, "Haven't we done well by way of the military covenant?" If it is, it will be not worth the paper it is written on.

8.17 pm

Jack Lopresti (Filton and Bradley Stoke) (Con): I declare an interest as a serving member of the reserve forces. Unlike my smart friends who were in the Chamber earlier, my hon. Friends the Members for South West Wiltshire (Dr Murrison) and for Milton Keynes North (Mark Lancaster), I am a private soldier, not an officer. I had the honour and privilege of taking part in Operation Herrick 9 in Afghanistan with 3 Commando Brigade as a gunner in the ranks and enjoyed it very much, so I suppose that gives me a different perspective. Unlike my hon. Friend the Member for Milton Keynes North, who said he was not going to be partisan, I am, so I hope that anybody reading *Hansard* tomorrow will see that my speech was not delivered by an officer and understand where I sit on the political spectrum.

Today's debate on the Second Reading of the Armed Forces Bill is most welcome. Since the first few weeks of the coalition, the Government have put the welfare of our nation's servicemen and women at the top of the

political agenda and moved swiftly to ensure that any lapses in the commitment between the Government and our armed forces are rectified.

Elizabeth Truss (South West Norfolk) (Con): I am concerned that the result of the strategic defence review and the basing decisions now being taken might have caused some uncertainty—I am thinking of RAF Marham in my constituency. What is my hon. Friend's view on how to maintain the military covenant in these difficult times?

Jack Lopresti: I thank my hon. Friend for her intervention. We Members have a responsibility to ensure that, when there are issues in our own constituencies, we bring them to the House, question Ministers and raise them in debates, so that it is on the public record that we are doing our utmost the protect the interests of service people in our constituencies.

I shall focus my contribution, as others Members have, on clause 2, which I very much welcome. It ensures that provision is made to place a statutory duty on the Secretary of State to report annually to Parliament on the effects of service in our armed forces and on the welfare of serving and former members of the armed forces and that of their families. That provision will ensure that the military covenant, which the Government are rebuilding, will be advanced year on year.

We ask our armed forces personnel on operations in Afghanistan and elsewhere to face paying the ultimate price for the protection of our country, its citizens and our freedoms and way of life. We should do that only if they are properly equipped for the task, if they are trained to the highest possible level and if they and their families are provided for when they retire, or are wounded or killed, in recognition and admiration of the sacrifices that they have made.

The unwritten contract between the state and the men and women whom we ask to defend it is rightly a long-standing tradition. In the dangerous, unstable world that we face today, and in the ongoing war on terror, its continuation and development is more important than ever before. Disappointingly, the previous Administration reneged on the covenant. They did not adequately equip our troops for the most hostile of conflicts, they neglected the welfare of our service families, our injured personnel and our veterans, and they left a £38 billion hole in the Ministry of Defence budget at a time of war.

Thomas Docherty: I commend the hon. Gentleman for his valiant service overseas; I know that he still hopes to go back.

Government Members are so keen to talk about the £38 billion hole. Does the hon. Gentleman not accept that that comes from a single line of a National Audit Office report that actually said that if future Governments did not adequately fund commitments through this decade there would then be a £38 billion hole? It was not referring to the previous decades of funding, but to the forthcoming decade. It is therefore possibly not quite accurate.

Jack Lopresti: The hon. Gentleman cannot run away from the fact. There is a £38 billion hole in the budget. He can try to dazzle me with statistics and perhaps more detailed knowledge, but the fact is that there is a £38 billion deficit in the defence budget.

Charlie Elphicke: There is not only a £38 billion hole in the defence budget, but a £40 billion hole in respect of cuts that were not allocated and a structural deficit of £109 billion. Every single household in this country is effectively borrowing £4,000 this year as a result. Is that not an outrageous state of affairs?

Jack Lopresti: Yes, it is. I thank my hon. Friend for bringing that point to the debate.

If Labour Members have any uncertainty about the extent of the neglect that they caused, the evidence in the results of the May 2010 armed forces continuous attitudes survey may offer some clarification. It showed that just 32% of serving personnel said that they felt valued. Let today's debate be one of the first crucial steps that we take to restore the moral commitment that was broken—the crucial step that will ensure that our armed forces have the support that they need and that their families and former service personnel are treated with the dignity that they deserve.

It was a great encouragement that on 11 June last year, not even a month into the new Parliament, the Prime Minister announced that the operational allowance for the armed forces would be doubled and backdated from 6 May. From the very start, the Government have ensured that the welfare of our service personnel is at the very top of their agenda.

In the programme for government, the coalition set out its policies for rebuilding the military covenant, all of which are aimed at improving the welfare of service personnel, veterans and their families. That is more than just words on a page; the Government have acted swiftly to ensure that the military covenant will be enshrined in law so that never again will our promise to the servicemen and women of our country be broken. The informal understanding of the state's duty of care to its armed forces will cease to be regarded as an obligation; it will be a firm rule that all future Governments will have to adhere to. As the Prime Minister said, the time has come for our commitment to be

"refreshed and renewed and written down in a new military covenant that's written into the law of the land."

Thomas Docherty: I am grateful to the hon. Gentleman, who is being very generous. He is absolutely right to say what should happen, but does he not accept that the one group of people who are not legally responsible will be the Government? They are putting legal responsibilities on local government and the health service, but not on the MOD. That is a shabby situation.

Jack Lopresti: As I just said, the fact that for the first time the military covenant will be enshrined in law is a massive step forward in accountability.

In early December, Professor Hew Strachan published the report, commissioned by the Government, that his independent task force developed. As a demonstration of their commitment, the Government immediately began work on implementing two of the report's recommendations: the armed forces community covenant, which encourages communities across the UK to volunteer support for their local armed forces; and a Chief of the Defence Staff commendation scheme, which will allow the head of the UK's armed forces to thank individuals or bodies who give exceptional support to the armed forces. Those are great initiatives along the way to

[Jack Lopresti]

restoring the covenant, and I look forward to the full response of the defence personnel, welfare and veterans Minister to the report in the spring.

8.24 pm

Christopher Pincher (Tamworth) (Con): It is a great honour to speak in this debate. I am conscious that night draws inexorably onwards, so I shall try to keep my remarks as brief as possible.

This debate on the Armed Forces Bill is an historic one. That is not so much because of the provisions, some of which may appear a little pedestrian, but because it is one of the great parliamentary symbols, such as the Outlawries Bill or the Septennial Act—one of the great reminders of the struggles that we have had through the centuries to build liberty over tyranny in our country. Some Members have already mentioned that we now ask our servicemen and women more often to go abroad and fight for liberty, to protect our liberty here at home.

Each Armed Forces Bill seems to contain some innovation; as a new boy, I am learning that. The last such Bill—now an Act—enshrined a single set of military law. The great innovation of this Bill is to provide the Secretary of State with an obligation to prepare and present to Parliament an armed services report—a military covenant report, if you will—that will detail a range of issues in the Bill. I am thinking of how the Government and the nation will build their responsibilities in respect of our armed forces.

Bob Russell: As the Royal British Legion has driven the updating of the military covenant, perhaps its representatives should be involved in the Secretary of State's annual report to make sure that they are satisfied.

Incidentally, Mr Deputy Speaker, I apologise. I said that you had signed the early-day motion that I mentioned. That was not quite correct. You seconded it.

Christopher Pincher: I am grateful to my hon. Friend, and I am sure that the Minister will take account of his suggestion that the Royal British Legion should be able to give advice about the content of the report.

Many Members have focused on clause 2, and that demonstrates its importance and the interest that we all have in it. Last year, the Prime Minister said that we all—the Government, the private sector and voluntary organisations—have a responsibility to go that extra mile for our armed forces. There is no doubt that over the past several years, our armed forces family and those beyond it have taken the view that we have not gone the extra mile for them.

Colleagues have already mentioned that on the very day of the general election last year, the armed forces continuous attitudes survey showed that just 32%—less than a third—of our armed forces feel that they are valued. Such a report on such a day sent a clear message to the outgoing Government that soldiers, sailors and airmen and women felt that that Government had failed them. In the spirit of bipartisanship, I should say that it sent a clear message to the incoming Government that our military expects a lot more of them.

The writing has been on the wall for a few years. General Guthrie said as far back as 2007 that the Government were failing to keep their side of the bargain in the military covenant. A friend serving in the Royal Electrical and Mechanical Engineers who has been to Afghanistan said the same thing in rather more colourful language that it is not parliamentary to repeat here this side of the watershed. If personnel from the Chief of the Defence staff all the way down to a solider driving a recovery vehicle around Helmand are saying the same, we have a real challenge to rebuild faith between our national leaders and our armed forces. That is a challenge the Government must meet. In introducing the Bill and clause 2—the provision for the military covenant report—we are beginning to meet that challenge. We are sending a signal to our armed forces that the things that they and their friends and families are concerned about are the things that the Government are also concerned about and will act upon. I commend clause 2.

I hope that when the Secretary of State and his colleagues consider what should be included in the report—my hon. Friend the Member for Filton and Bradley Stoke (Jack Lopresti) made this point—they will take great heed of and look closely at the work of Professor Strachan and his taskforce and their recommendations to bring to life the military covenant. Two things need to be included in the report to give it teeth: first, forces' accommodation, which has already been mentioned and is in the Bill and the Strachan report; secondly, personnel kit and training, which is neither in the Bill nor the Strachan report, unless I have missed it.

It is a very old joke to say that soldiers like to grumble, but it is no joke when 36% of servicemen and their families who live in services accommodation say that the accommodation is below standard. That is one of the biggest complaints I hear from my friends and constituents who are in the military. If we are prepared to send young men and women overseas to risk their lives, we can at least ensure that we give them and their families a decent roof over their heads here at home. I therefore hope that the Government will look closely at the Strachan recommendations to enhance accommodation allowances. I know that we are in difficult economic straits, but I hope that the Government will consider that recommendation.

I also hope that the Government will consider expanding the shared equity scheme pilot introduced by the previous Government, and that the Secretary of State will ask the Chancellor to sit down with the banks and persuade them to offer forces-friendly mortgages, so that we can get more service people into their own accommodation. It seems to be a sensible long-term aspiration to offer servicemen and women and their families the opportunity of a stable home with a fixed address and a foot on the property ladder. Incidentally, that would also offer an opportunity to the Ministry of Defence to reduce some of the forces' accommodation costs, which are currently running at about £285 million a year. The state of some services accommodation, which needs to be improved, means that those costs will only increase. I hope that the Government will look carefully at the recommendations of the Strachan report, and I hope particularly that the Treasury will be invited to look at them.

I would also like to discuss servicemen and women's kit and training. Those issues have already been mentioned by my hon. Friend the Member for Milton Keynes North (Mark Lancaster) and the hon. Member for Rhondda (Chris Bryant)—neither of whom is in his seat—which demonstrates there is some bipartisanship

on the issue. One of my oldest friends is an officer serving with the Royal Welsh who has two tours of Afghanistan under his belt. An issue that he raises continually with me is that although, as Members from all parties have said, it is right that the kit provided to servicemen and women deployed to operations has improved considerably, the time available to train in the kit has not. All too many of them say that all too often kit such as the ACOG rifle sight and Osprey body armour are provided only just before they deploy on operational service, so they are not as prepared as they might be because they have not had enough time to train with it before they deploy. We are also told that Vallon metal detectors, which are essential in identifying mines, are not widely available for training purposes, as that sort of kit should be. I hope that when my right hon. and hon. Friends think about the content of the covenant report, they will consider including such issues so that our servicemen and women feel that we are as serious about their safety abroad as we are about their welfare here at home.

In a short space of time, and despite the difficult economic circumstances that we face, the Government have made some great strides forward in rebuilding the military covenant by doubling the operational hours, maximising R and R, introducing the covenant report, investing £189 million in new kit, and spending another £67 million on countering IEDs. That shows that they have an unbending resolve to support the welfare of our armed forces, and I hope that we get that message across.

I have been looking at the MOD website, where there is a quote that defines a serviceman's covenant:

> "In putting the needs of the Nation, The Army and others before their own, they forgo some of the rights enjoyed by those outside the Armed Forces. So, at the very least, British soldiers should always the expect the Nation and their commanders to treat them fairly, to value and respect them as individuals, and to sustain and reward them and their families."

That is as succinct and straightforward a compact as could be written, and I trust that the Secretary of State will include it as the foreword to his every report.

8.37 pm

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): Thank you very much, Mr Deputy Speaker, for calling me to speak in this important debate.

I am a Member of Parliament for one of Britain's principal naval ports and the issues raised in this Bill will resonate in one of the homes of the Royal Navy and the Royal Marines. In the course of the past 10 years, I have promised that I would say to Ministers that Plymouth is not Portsmouth—we are not 20 minutes away from Bristol, and we need to ensure that we are not ignored. One of the things that the Government could do, if they were so minded, is to consider making Plymouth the centre for the veterans weekend in 2012. I know very well that my right hon. Friends have heard that before, but it is worth repeating on a regular basis.

Going to war is not just about bombs and bullets; rather, it is about those people who put their lives at risk to defend British interests, and about protecting our freedoms and our way of life. If we expect our servicemen and women to fight for this cause, we have to make sure that they feel valued—that is incredibly important. This Bill, together with the military covenant, goes some way towards delivering that, and I hope that it will play very well down in Plymouth.

In just a few weeks' time, 3 Commando Brigade, with which my hon. Friend the Member for Filton and Bradley Stoke (Jack Lopresti) served a little while ago, and which is based in my constituency, will be deployed back in Afghanistan on Operation Herrick 14. War, of course, is not a means in itself—it is the final episode following our failure, as politicians, to get a diplomatic solution to the problems that face regions of the world. I have always been, and am, very supportive of the interventions that we have made in Iraq and in Afghanistan, but I am well aware that we failed to think through the exit strategy that would leave those countries with a stronger political leadership and able to deliver peace and a strengthened economy. The public were initially behind both conflicts, but as time moved on, the number of casualties rose and they looked increasingly like becoming stalemates, so public support waned.

The quid pro quo for those who fight for their country is that they should be valued. I hope that the Bill goes some way towards delivering on that contract. As an aside, I believe that we must spend more time and effort in looking at ways to avoid conflict. The old adage that prevention is better than cure rings true. For too long, we have seen defence just in terms of scenes from films such as "Saving Private Ryan". Our priority should be to do more to prevent conflicts and to ensure that servicemen and women are valued when they make their sacrifices. Placing a warship in a port can make a real statement. When President Obama put a US aircraft carrier off Korea recently, it helped to calm down the potential for conflict in the far east.

Inevitably, war has produced dreadful legacies not only in the countries where conflicts have taken place, but for the lives of servicemen and women and their families. That is why I will certainly support the Bill in the Lobbies tonight, should there be a Division. It will make it a statutory requirement for the Secretary of State for Defence to make an annual report to Parliament on the military covenant. I take on board the points of my hon. Friend the Member for North Wiltshire (Mr Gray). One thing that we can do is to ensure that we have a regular debate of this sort for a full day, just as we are doing today, so that such issues can be aired.

The Bill will enshrine the military covenant in law. If we are asking our service personnel to put their lives on the line, Parliament must not only give them the kit, pay and the health and social conditions to do the job; the military covenant says that the state should also maintain a long-term duty of care for them and their families.

Bob Stewart: When the names of the casualties are read out in this House, we always say, "We will remember them." That places on us a requirement to remember them by looking after their wives, children and husbands for the rest of their lives. That is included in the military covenant, although it may not be written down. We have a responsibility to care deeply for people who have given their lives in the service of our country. We must not just say, "We will remember them," because we do not remember them individually, but we should remember them by caring for the people whom they have left behind.

Oliver Colvile: My hon. Friend makes a fair and timely point. Shortly before Christmas, I attended a Christmas party for the families of serving personnel with the hon. Member for Plymouth, Moor View (Alison Seabeck).

[Oliver Colvile]

Those families were apprehensive about the departure of their partners and family members to Afghanistan and prayed that they would come back without physical or mental injury.

That brings me to the crux of what I wanted to say: mental health among veterans is a growing problem. This weekend, I was told by Combat Stress that the King's Centre for Military Health Research published a report recently that warned that almost a quarter of Iraq veterans admitted to suffering from mental ill health. Many have depression and turn to alcohol and drugs. In my city of Plymouth, we have to come to terms with that issue.

Alison Seabeck (Plymouth, Moor View) (Lab): Will the hon. Gentleman, from my neighbouring seat in Plymouth, join me in commending Hasler Company at HMS Drake, which I was fortunate enough to visit again last Friday, for the excellent work that it does for people with complex problems, particularly mental health problems? Will he join me in encouraging it to keep doing what it is doing? Sadly it needs some additional funding. It is getting some from the Royal British Legion, I believe, and certainly from Help for Heroes, and I hope that the Government will consider supporting it as well.

Oliver Colvile: I most certainly join the hon. Lady in that, and I thank her for her intervention—I must say that I have some trepidation when Members decide to intervene on me, for obvious reasons.

The King's Centre found that nearly 5% of Iraq veterans display symptoms of post-traumatic stress disorder. It believes, having projected its statistics on to the 180,000 servicemen and women who have been deployed in Iraq and Afghanistan, that as many as 48,000 veterans could suffer from some form of mental health problem, and that 9,000 could potentially develop PTSD.

Last October, my right hon. Friend the Prime Minister announced that the Government would implement the recommendations of the excellent "Fighting Fit" report written by my hon. Friend the Member for South West Wiltshire (Dr Murrison), who sadly is not in his place at the moment. I pay tribute to him for the hard work that he undertook. The report contains 13 action points, including funding for an additional 30 mental health nurses and a dedicated 24-hour helpline for veterans.

The 2011 to 2015 Ministry of Defence business plan outlines a number of deadlines, including for drawing up a detailed plan to implement the recommendations of my hon. Friend's report. I understand that that plan was completed in December. I would be grateful if my right hon. Friend the Minister could confirm when and if it will be published and put into the public domain. I would be grateful also if he could explain why the MOD's structural reform plan monthly implementation update is still not complete, despite the deadline having been in November. I am happy for him to write to me about that, so I am not asking for a result this evening. Perhaps he could tell me when the production of the update might be achieved.

I know that there is a March deadline in the MOD's business plan for the introduction of 30 mental health nurses, and it would be helpful if we could be told whether that is still on track and what measures the Government are undertaking to deliver greater co-ordination between the charitable sector, Plymouth city council and other organisations.

Mr Gray: Does my hon. Friend agree that we must know not only when the Government are going to implement the recommendations in the excellent report by my hon. Friend the Member for South West Wiltshire (Dr Murrison) but whether that implementation will be fully funded? There is precious little purpose in having the report in the first place if its 13 recommendations are not fully funded. I hope that the Minister will let us know whether those recommendations will be funded to the letter.

Oliver Colvile: That is a very fair point.

Plymouth is proud of its Royal Navy, Royal Marines and Army heritage. It has a large number of veterans—I suspect, although I have no proof, that it has one of the largest numbers in the south-west. It is a wonderful place to which to retire, where people can play golf and sail, and there seem to be an awful lot of people there who have been in the services. I understand that Combat Stress now has a regional welfare officer working in Sir Francis Drake's home city, and I look forward to meeting the welfare officer in the near future.

All of us in Plymouth want to play a significant part in delivering the reforms that the Bill heralds. I would welcome a chance to meet Ministers to discuss how we might work with our friends in the Department of Health, the city council, the Royal British Legion, Combat Stress and other charitable organisations to help the Government implement the "Fighting Fit" agenda in our historic part of the south-west. Failure to get the matter right in that city, which I am proud to represent, could have a severe impact on our local services, so I firmly believe that it needs to be action stations today.

8.49 pm

Charlie Elphicke (Dover) (Con): I represent Dover and Deal, which today still feels like they are at the front line of the nation in its dealings with the continent, not all of which have been happy in the past. Not so long ago, in the second world war, we were the front line and responsible for helping ensure the success of Dunkirk. Before that, in the 18th century, the channel fleet was stationed off the coast of Deal and we retain a strong link with the Royal Marines. I was privileged to be at the installation of the captain general of the Royal Marines as the captain of Deal castle. We also have the lord warden of the cinque ports in Walmer castle, Admiral Boyce, and a brigadier in Dover castle.

The constituency feels strongly about the military covenant. It has a strong cadet movement. It is a privilege for me to be the honorary president of the Deal Air Training Corps, 2235 squadron. It is a considerable privilege for us to have so many Gurkhas living in Dover and Deal, who go on active service and do great things for our nation. I am therefore proud of what our constituency has achieved in the service of this nation and of our military links. The constituency takes a strong and passionate view of the military covenant.

As someone who deeply respects all those who put their bodies and minds in danger on our behalf, I want to stress how pleased I am that we are finally putting the

military covenant on to a statutory footing in clause 2. It is absolutely right that the Bill will give the military covenant the increased recognition that it should have had long ago. By enacting the measure, we will give legislative force to the "Army Doctrine Publication", particularly chapter 1.

However, it is not a no-cost option to back the military covenant in statute. With it comes responsibility, which, in recent years, has been lacking. We must ensure that service personnel and their families are properly cared for, not only in health but when they are hurt, particularly when that hurt happens on active service. What has been going on is not good enough. However, each small measure brings us closer to what we mean by the term "military covenant".

I can do little better than quote from chapter 1 of the "Army Doctrine Publication", which states:

"Soldiers will be called upon to make personal sacrifices – including the ultimate sacrifice – in the service of the Nation. In putting the needs of the nation and the Army before their own, they forgo some of the rights enjoyed by those outside the Armed Forces. In return, British soldiers must always be able to expect fair treatment, to be valued and respected as individuals, and that they (and their families) will be sustained and rewarded by commensurate terms and conditions of service… This mutual obligation forms the Military Covenant".

Chapter 3 states:

"The system's loyalty to the individual – its obligation in the Military Covenant – is manifested in justice, fair rewards, and life-long support to all who have soldiered".

The reason for the national debate on the military covenant is the sense that that lifelong support had wavered, that the nation was not completely on the side of the military, as it should have been, and that the military did not have the backing and support that it should have had.

Recently, senior officers such as Lord Guthrie, the former Chief of the Defence Staff, said:

"There is now a feeling – probably stronger than I can ever recall – that the Government are not keeping their side of the bargain and honouring the Military Covenant".

General Sir Richard Dannatt, Chief of the General Staff, said in his Chief of General Staff's briefing team report in June 2007:

"My firm aim is to restore the balance of the Military Covenant – it is clearly out of kilter at the moment".

The Royal British Legion raised its concerns in its general election manifesto, "It's time to do your bit". It called for Government action to ensure three key matters: that families of service personnel were properly looked after; that bereaved families were given the support that they need, and that veterans were properly looked after, with health care and poverty fighting prioritised. These points were hammered home to me by my own excellent and active British Legion in Deal, which time and again has raised this issue and pressed for action. Wider concerns have also been raised about mental health, forces accommodation – we often hear about that – armed forces equipment and personal kit, compensation, and even voter registration. As a result of these concerns, morale in our armed forces is not as high as it should be.

The latest armed forces survey found that only 35% of personnel were satisfied with equipment and only 32% felt valued at a basic level, while 37% said morale was too low and 36% said accommodation was not good enough. Such statistics should concern all Members, and they highlight why it is right that in bringing forward clause 2 we hammer home that we are on the side of our armed forces, so that they know that when we put them in harm's way and they are under fire, our hearts and minds are with them and they have our full support and backing.

The clause's requirement that the Secretary of State must make a report every year is welcome because it will focus minds that bit more. It is right that health, education and housing should be specifically listed, and I hope that the Secretary of State will also consider including priority health care. I look forward to seeing the new tri-service covenant. Priority health care matters a lot because survey after survey has shown that most GPs have not got a clue about that principle and most hospitals do not know much about it either. We must hammer home the message that our armed forces and veterans should have that priority.

Bob Russell: The House of Commons Library has produced an excellent research paper briefing, and I suggest that Ministers should take into account what it says. It observes that the Bill does not explicitly state what welfare provisions must be provided for under the military covenant, such as priority health care, or any minimum standards of care. Does my hon. Friend agree that that is the sort of detail that we will want in the Bill when we get it into Committee?

Charlie Elphicke: I am not certain that just chucking that in the Bill is the most important thing, but I hope very much that the Secretary of State will pick up on my hon. Friend's comments, and also on the other issues mentioned, and that he will make sure that they are given a proper hearing and are properly understood. I hope he will make sure he puts them in his report.

We should enable the Secretary of State to have that kind of flexibility because other issues that our armed forces are very concerned about, and that will need to be addressed, will arise. The three issues I have mentioned are included in the Bill, but I hope that priority health care will be as well. It is important that when people who serve in our nation's cause return home, they are properly looked after, because they are much more likely to have serious health issues, mental as well as physical. It is right that we as a country honour that covenant and ensure that they get priority treatment because of their service.

It is right that we should have had Professor Strachan's report. I do not agree with the Opposition that it is just a damp squib that is a bit wishy-washy and not very interesting. It is important that there is the armed forces community covenant. It is important that the accommodation scheme, which is there to thank people who give their support through the armed forces, is in place, because it will engender a sense of direction and the message that it is right to be on the side of our boys and girls out in the field and that we should support our armed forces.

It is also right that the Government give further, and more detailed, consideration to the other measures that were in the report. That is why the Opposition are wrong to write off this report. It encourages greater help in respect of military housing and greater home ownership. It also proposes that there should be a champion for veterans and better training.

[Charlie Elphicke]

We have also discussed the issue of medals this evening. Some want to hand them out like confetti at a wedding, while others want to be more parsimonious. Whatever happens in that respect, it is important that the MOD makes the following change: the citations for medals should be public from the beginning. I have a constituency case involving a Mr Pile who has written to me saying that he wants to tell his children about his father's heroic activities. What could be better than for someone to balance their kids on their knee and say, "Do you know what your grandfather did? He served heroically, he got a medal and here is the citation"? But he cannot get his own father's citation, because he fell out with his stepmother and his father is dead, so the MOD has said, "Sorry, data protection! You can't know the citation." So he cannot tell his own children.

Bob Stewart: Actually, he can get his citation, if it is a gallantry award, because it will be in the *London Gazette*, unless there are special circumstances. If my hon. Friend is saying that there should be citations for campaign medals, that is extremely difficult, because everyone who serves for 28 days—or whatever the qualifying period is—gets the medal. The only way someone could get a citation for that is to understand what the campaign was about. Citations for gallantry medals are obtainable via the *London Gazette*.

Charlie Elphicke: I thank my hon. and gallant Friend. This issue was raised with me, and the MOD wrote to me saying, "Data protection means that we cannot tell you." The position is ludicrous. All medal citations should be automatically public and transparent.

Finally, the doubling of the operational allowance and the Government's efforts to increase the rest and recuperation for military personal have been positive steps. However, there needs to be an improvement on kit and operational duties. That is vital. We have started to see that, which I welcome, and I also welcome the Bill and the military covenant finally being enshrined in law.

9.1 pm

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): It is a pleasure to follow the hon. Member for Dover (Charlie Elphicke).

We have made it clear that Labour will support the Bill, not least because it is a continuation of key reforms introduced by the previous Government. The Armed Forces Act 2006 resulted in the biggest overhaul of the system of military law for 50 years. It consolidated and modernised all the previous service discipline Acts and replaced them with a single system of service law applicable to all service personnel wherever they are based in the world. The Act introduced a fair, modern system of criminal justice to the armed forces while recognising the special circumstances, risks, dangers and demands that we place on service personnel.

The Bill will build on the 2006 Act and introduce other important reforms, including measures to increase the powers of the service police and provisions to strengthen their structural independence. The Bill will ensure that the service police disciplinary systems are consistent with the European convention on human rights; introduce the service sexual offences prevention orders to protect members of the service community outside the UK; strengthen the independence and impartiality of service complaints and procedures; and update regulations protecting prisoners of war detained by UK forces. We on the Labour Benches welcome those changes.

The reforms that we introduced in the 2006 Act, which will be continued and updated through this Bill, were part of a wider body of work by the previous Government not just to improve the system of law governing the armed forces, but to show our wider commitment to the brave servicemen and women in recognition of the unique contribution they make on our behalf. We have heard many excellent speeches in which numerous Members have praised our armed forces. They are right to do so, and I will add my own tribute, particularly to those serving in Afghanistan right now. We all owe a huge debt of gratitude to our soldiers, sailors, and airmen and women who do extremely dangerous and difficult work in conflict zones all over the globe. They are a generation who have seen active service in places such as Iraq and Afghanistan, working hard to protect us and make our world a safer place.

We must not forget those who have gone before, those who have been injured and those who have lost their lives—veterans of conflicts going right back to world war two—who fought to secure the freedom that we enjoy today; and we must not forget the families of our armed forces and veterans. It places great strain on loved ones when husbands and wives, mothers and fathers and sons and daughters spend many months at a time away from home. Service families make huge sacrifices to support those on the front line, and we owe them just as big a debt of gratitude as we do those in combat. We owe it to them to help them address the unique challenges they face as the families of servicemen and women. We also heard today about the important role of reservists and cadets from my hon. Friend the Member for Rhondda (Chris Bryant) and other hon. Members, some of whom are reservists themselves.

The previous Labour Government were the first to deliver a cross-government approach to forces welfare. The service personnel Command Paper, published in summer 2008, set out improved access to housing schemes and health care, free access to further and higher education for service leavers with six years' service, and extended travel concessions for veterans and those seriously injured. We guaranteed fair pay for all our forces—that included the first ever tax-free bonus for those on operations abroad—while strengthening our support for their welfare. We invested hundreds of millions of pounds to reverse a legacy of decades of neglect in forces accommodation. The level of homelessness among service leavers was sharply reduced and the law was changed to give them better access to social housing. We also introduced Armed Forces day and veterans badges to make sure that the achievements and contributions of all our armed forces heroes are properly recognised.

Labour's 2010 manifesto proposed enshrining in law the rights of forces, their families and veterans in an armed forces charter, which my hon. Friend the Member for Dunfermline and West Fife (Thomas Docherty) mentioned. I am delighted that this Government have agreed on the need to improve the military covenant by guaranteeing rights in law, although we still await specific plans to make that a reality.

We heard much about rebuilding the military covenant, including in considered contributions from the hon. Members for North Wiltshire (Mr Gray), for Tamworth

(Christopher Pincher), for Filton and Bradley Stoke (Jack Lopresti), for Plymouth, Sutton and Devonport (Oliver Colvile) and for Dover (Charlie Elphicke). As the Opposition, we have made it clear that we will support the Government on measures to show further our commitment and duty of care to our armed forces. However, as the shadow Secretary of State set out, we have some important questions for the Government on their position on the military covenant.

The Bill contains a specific proposal that the Secretary of State will publish an annual report on the Government's progress on the military covenant. We have heard discussion of the external reference group, which the previous Government established to chart the progress made by Departments in delivering the commitments made to our armed forces in the service personnel Command Paper. The ERG includes representatives from service charities and service families federations, and provides an unbiased and independent progress report. I am aware that informal assurances have been given that the group will be consulted, but that is quite different from the ERG producing its own report. Unfortunately, MOD Ministers were accused in newspaper reports yesterday of politicising the military covenant. That may not be the intention of the Government, but we are very concerned that the important independent scrutiny in the form of a progress report by the ERG is being removed. That concern was raised by the shadow Secretary of State, by my right hon. Friend the Member for Coventry North East (Mr Ainsworth) and by some on the Government Back Benches, including the hon. Member for Milton Keynes North (Mark Lancaster). The Royal British Legion has called for an assurance to be given that the ERG will be retained and will continue to produce its own annual report. As such, I urge the Government to re-examine the matter to ensure that both Parliament and the public have an objective view on the Government's progress or otherwise. If that does not happen, the independent expert scrutiny provided by the group may well, unfortunately, be lost.

Mr Gray: Excellent as the external reference group is, does the hon. Lady agree that it has one major defect, which is that it is not answerable to this House? The Bill's proposal strengthens that area considerably by saying that Ministers must come here to explain to us what they have done on the military covenant. That does not happen with the existing report.

Gemma Doyle: The hon. Gentleman makes an important point. As we have said, we welcome the fact that such a debate will take place in this House. However, as I have also said, we are in danger of losing the independent scrutiny that the ERG provides and we do not want that to happen.

Alison Seabeck: I am pleased to hear my hon. Friend's comments about the ERG, because I am sure that we will want to tease out and press these issues a little further in Committee. If she intended to cover this next issue later, I hope she will forgive me for asking about it now. I visited my local naval base on Friday, when I was made aware that the MOD police are very concerned about cuts in their numbers as a result of cutbacks. How will that affect their ability to carry out the additional investigative work that is set out in the Bill, which of course we welcome?

Gemma Doyle: My hon. Friend makes an important point about the gap between Government rhetoric and action. The cuts mean that we will not necessarily see action living up to what is being promised. The hon. Member for South West Wiltshire (Dr Murrison) said that we need some indication of what the outcome of the covenant report will be. It would be appreciated if the Minister said whether there will be any tangible measure of whether the Government have made progress on armed forces welfare.

As I have said, we are awaiting specific proposals from the Government on what the new covenant will include and when it will be written into law as promised. We do not yet know what welfare provisions will be included, or what minimum standards of care there should be under the military covenant. Some existing problems were raised by the hon. Member for Dwyfor Meirionnydd (Mr Llwyd). The Government commissioned a taskforce to make recommendations, and it has now reported. They have accepted two of the taskforce's recommendations, but we are still waiting for the full response.

When the Government do make their full response, they should pay due attention to the taskforce's view that

"Meeting obligations to the military community should not impose significant costs on local government".

I would be grateful for a guarantee that any measures that are implemented as part of the military covenant will be fully costed and funded, and that the costs will not merely be passed on to local authorities or the NHS.

I raise with the Minister, as I did at Defence questions last month, the issue of the veterans card, which the taskforce specifically recommended. The previous Government proposed introducing a veterans card, which would help service providers to identify former members of the armed forces to enable them to get better treatment and better access to treatment. At that time, the plans were welcomed by the Royal British Legion, but since coming into power the Government have scrapped those plans, and the veterans Minister, in letters to hon. Members, ruled out an ID card for veterans. Given that the taskforce has recommended that, will the Minister now give a specific commitment, which he did not do last month, to reconsider that matter and the Government's position on the veterans card?

The taskforce report appears to encourage home ownership to reduce the cost of upgrading existing service accommodation. Measures that assist service personnel to gain better access to the housing market are welcome, but can the Minister give a guarantee that the policy of merely encouraging greater home ownership among the armed forces will not be adopted instead of upgrading service accommodation? The hon. Member for Colchester (Bob Russell) and my hon. Friend the Member for Dunfermline and West Fife rightly acknowledged that we have some way to go on that.

The taskforce report suggests that service personnel should be shown special treatment where individuals have been seriously injured, and we obviously support that view, but the taskforce report also states that it

"has assumed that it is not the role of the government to provide special privileges for Service personnel across the board."

The idea behind the military covenant is surely that the unique nature of military service should be recognised in the provision that the Government make for their

[Gemma Doyle]

servicemen and women. Can the Minister say whether the taskforce was correct to make that assumption, and does he agree that the Government should not provide special privileges for service personnel across the board? That would somewhat change the expected nature of the covenant and the legislative entitlements that have been promised.

Much of the report focuses on suggested measures to be taken at local level. Indeed, one of the two accepted recommendations, which has already been implemented, is on the armed forces community covenant. That is a welcome step. The Government must, however, be careful about being over-reliant on local measures to reinforce the military covenant. Indeed, the report highlights problems with the application of a 50% council tax discount for those serving overseas. That highlights the postcode lottery that can result when decisions are taken locally. A heavy reliance on local and voluntary measures would contradict the Government's stated intention to enshrine the military covenant in law.

Parties on both sides of the House have pledged to support the memorial to the 55,573 airmen of Bomber Command who died in world war two. The Bomber Command Association raised the £5 million necessary to pay for the memorial in Green park, but the Government scheme that exempts memorials from VAT expired on 4 January. The association is now faced with raising another £250,000. What discussions has the Minister had with the Chancellor and has he requested that the Treasury waives the VAT to allow the memorial to go ahead?

I have covered some of the specific questions about the content of the taskforce's report, but let me return to some of the more general issues. I want to know what more we can expect from the Government. In opposition, they said that the covenant was shattered, but in government they have failed to match their bold promises to rebuild the covenant with sufficiently tough action. The Conservative manifesto states:

"Our brave men and women, their families, and our veterans deserve the best for putting their lives on the line to protect our liberties. We will ensure they get the best."

No one would disagree with that, but it does not fit with the Government's actions now that they are in office. The Prime Minister established a taskforce and asked it to come up with low-cost, innovative policy options. Can the Minister look our brave armed forces in the eye and say that they will get the best when his Prime Minister has asked for policy options, but only on the cheap?

Since taking office, the Government have appointed a taskforce to suggest some low-cost measures. There is no doubt that many of the measures included in the report, such as the veterans card scheme, could make a difference, but the overall content of the report was labelled "incredibly wet and feeble" by the chairman of the Forces Pension Society, as was mentioned earlier. Essentially, the Government will need to do a lot better and improve drastically on their record so far. They have failed to bring forward a comprehensive package of proposals to back up the rhetoric that they will rebuild the covenant. The action they have taken has completely undermined those discussions.

Charlie Elphicke: In fairness to those on the Front Bench, Rome was not built in a day, particularly when it had been destroyed over 13 years.

Gemma Doyle: I thank the hon. Gentleman for that intervention, but I am afraid that neither was it built on the cheap. We are awaiting a bit more action from the Government.

Let us take as an example the Government's plans to link public sector pension rises to CPI rather than RPI inflation, which my right hon. Friend the shadow Secretary of State mentioned, as did my hon. Friend the Member for Blaenau Gwent (Nick Smith) and my right hon. Friend the Member for Coventry North East. They explained that that will impact disproportionately on members of the armed forces, who draw down their pension much earlier than other public sector workers. Servicemen and women, some of whom have suffered horrendous injuries in battle, could see the value of their pensions reduced by hundreds of thousands of pounds. War widows will be affected likewise. The change is fundamentally unfair to the very people who give their service to defend our way of life, and that is why we have suggested an alternative and potentially fairer approach.

The Government have also been accused of a betrayal by forces families following their decision to scrap major reforms to the system of inquests into military deaths. The changes that the previous Government legislated to introduce and that were due to be implemented imminently were supported by service charities and families. The Coroners and Justice Act 2009 would have delivered a better inquest service and ensured that the coroner undertaking military inquests had the training necessary to conduct an effective investigation. It would also have created a system of appeals against coroner's decisions.

Anyone who has lost a loved one has the right to know and understand the full circumstances surrounding their relative's death. Families need to have confidence in the inquest system and these changes would have made a huge difference. By scrapping the chief coroner and abandoning the reforms that families want, the coalition has made a real error. In Committee on the Public Bodies Bill in the other place, their lordships voted to save the office of the chief coroner by a substantial majority. I hope that the Government will reconsider their view on this matter.

Mr Gray: The coroner has been mentioned several times this evening. Will the hon. Lady take this opportunity to say that the coroner in Oxfordshire in days gone by and, more particularly, David Masters, the excellent coroner in Wiltshire, have done a superb job of running inquests over the past few years? Leaving aside the debate on the chief coroner that she has described, the system at the moment works rather well.

Gemma Doyle: I thank the hon. Gentleman for that helpful intervention. I would certainly agree that we want that excellence to be available throughout the United Kingdom, which is why we support these reforms.

These issues seriously undermine the covenant as well as the Government's claims that they are seeking to rebuild it. It is no wonder that the chairman of the Forces Pension Society said:

"I have never seen a Government erode the morale of the armed forces so quickly."

For the sake of morale in the armed forces and for the sake of our individual servicemen and women and their families, I sincerely hope that the Government will rethink their actions.

The debate has given us an opportunity to discuss the finer points of this important Bill, which builds on the work done by the previous Government in overhauling many procedures in the armed forces, particularly in relation to military justice and discipline. The Bill will ensure that the armed forces can perform more effectively, and it will make the lives of our service personnel safer. The debate has also given us the opportunity to contrast the Government's rhetoric on the military covenant with their record of action. They have been found wanting, and they must reconsider their approach to the covenant.

9.20 pm

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): I am grateful to the many hon. Members who have participated in the debate. After hearing the rather fierce winding-up speech by the shadow Minister, I point out that two Labour Back Benchers participated in the debate and that substantially more Conservative Back Benchers took part, which shows how much interest there has been in the House.

Mr Jim Murphy: And a Liberal.

Mr Robathan: If the right hon. Gentleman were any good at maths, he would work out that one Liberal means that at least five Labour Back Benchers should have participated.

Leaving that to one side and returning to the Bill, the Government are required to introduce an Armed Forces Bill every five years, because those Bills provide the legal basis for the armed forces and for their discipline. Five years ago, the Armed Forces Act 2006 established a single system of service law, which applies to all members of the armed forces wherever they are serving in the world. It was a significant piece of legislation. The Bill that we are considering today is much smaller, and much of it was implemented under the previous Government. We are, in fact, pursuing the policies that the previous Government introduced, so I was particularly saddened by the shadow Secretary of State's extraordinary speech. *[Interruption.]* The term that applies to the hon. Member for Rhondda (Chris Bryant) is "chuntering".

The covenant has engendered a great deal of discussion in the debate, and we are fulfilling the Prime Minister's pledge to put the matter on a statutory basis in this Bill. Every year, there will be a report on the covenant, which the House may wish to discuss. Returning to the hon. Members who have spoken, my hon. and gallant Friend the Member for Milton Keynes North (Mark Lancaster), who is an extremely sensible friend, made some interesting points. He asked about the air bridge, which we are working on. Because, like me, he has travelled on it and been delayed on it, he knows that part of the problem is the age of the aircraft. He asked whether we will add days lost on rest and recuperation to post-tour leave, which is now our policy and is happening already.

My hon. Friend gave his view, which comes from serving in the Territorial Army, on medals. He also mentioned reservists. I agree with him entirely that support for such servicemen who return from operational tours is difficult. I pay tribute to those whose day job is not serving in the armed forces but who go out on operational tours and do excellent work helping our regular armed forces, and I pay tribute to their families, too.

Turning to the hon. Member for Dwyfor Meirionnydd (Mr Llwyd) *[Interruption.]* I think that I am more Welsh than the hon. Member for Rhondda.

Chris Bryant: Will the Minister withdraw that remark?

Mr Robathan: If it is the case that the hon. Gentleman is, in fact, Welsh, contrary to all expectations and signs, of course I withdraw the remark.

The armed forces are under-represented in the prison population. I am sure that the hon. Member for Dwyfor Meirionnydd did not mean to do this, but it is important that we do not patronise our soldiers, sailors and airmen, who are more law-abiding than most. Of course some of them go to prison, but we are talking about responsible adults, some of whom commit crimes. Interestingly, the chances of being in prison if one has been in the armed forces are considerably less than if one has not. Our armed forces members want to be treated as responsible adults and not as victims.

I thank my hon. and gallant Friend the Member for South West Wiltshire (Dr Murrison)—he is a doctor and he is very gallant—for his extremely important report "Fighting Fit". He asked whether we should call the armed forces covenant the military covenant in the Bill and I shall look into that. There is a legal issue involved, but I can certainly say that the covenant report will not be a tick-box exercise.

The very Welsh hon. Member for Rhondda was particularly keen on armed forces members from Wales being able to serve in Wales, but my experience of young people—both those going into the armed forces and those going to university—is that they often want to get away from their home environment. I have not heard many complaints about this before and I think they might not wish to be close to home. In my period in the armed forces, a very long time ago, I spent a disproportionate amount of my time training in Wales—in the Brecon Beacons at Sennybridge, in Snowdonia and in other places. The hon. Gentleman was very disparaging about Sennybridge, but I rather liked it.

The hon. Member for Dunfermline and West Fife (Thomas Docherty) referred to the system of having a Bill every five years as technical, but I disagree entirely. I notice that he read history, but I do not know whether he got his history degree.

Thomas Docherty: It is a work in progress.

Mr Robathan: There is a lot of that going on.

This is not a technical Bill: it is incredibly important. Those of us who know the history of the Bill of Rights 1689 know that it is incredibly important to have parliamentary authority for the armed forces. That remains as true today as it was more than 300 years ago: that is why we have a democracy. The hon. Gentleman then blamed the Government for the poor housing, which I thought slightly strange. He said that "the money was put in place for sorting out the housing," but I think that might have been part of the £38 billion that we could not find when we came into office.

The hon. Gentleman then spent a long time showing his prejudice against private education, harking back to the good old days of class warfare. There was no logic involved—just prejudice.

Thomas Docherty: May I clarify that I have no prejudice against people choosing to spend their own money on private health care or private education? I just object, when there are severe budget cuts for the MOD, to £110 million of taxpayers' money being spent subsidising other people's private education.

Mr Robathan: As I explained, the reason for the continuity of education allowance is so that children do not have to change schools often. I have heard of changes more than four times in five years and I do not think that is very fair on those children or their families. With that sort of system, people would tend not to stay in the armed forces. Be they private soldiers or generals, they would say, "I am not staying in the armed forces; I am going to do something else." That is the reason for the allowance. [HON. MEMBERS: "Private soldiers?"] Yes, private soldiers do send their children to independent schools. *[Interruption.]* I cannot speak on this in detail, but I assure Opposition Members—who presided over the system, which we are tightening up dramatically—that nearly 50% of those who use the continuity of education allowance are not commissioned officers.

Thomas Docherty: Will the Minister give way?

Mr Robathan: No, not again.

I am sorry that I was not in the Chamber when the hon. Member for Colchester (Bob Russell) made his speech. *[Interruption.]* That is what it says here. He particularly seeks the maximum involvement of armed forces charities in the work of the covenant and that is absolutely what we want.

My hon. Friend the Member for North Wiltshire (Mr Gray) talked about the heroism in the armed forces, recognised in Wootton Bassett in his constituency, and I think that we all agree on that. He welcomed our commitment to the armed forces covenant and the fact that our manifesto commitment will be kept, but he should watch how the issue develops, because I think that he will be more satisfied than I understand he appeared to be in his speech. The provision is not a "sad little clause"; it is an important step forward in fulfilling our obligations to the armed forces.

I pay tribute to my hon. Friend the Member for Filton and Bradley Stoke (Jack Lopresti) for his service in Afghanistan. I was glad to hear that he welcomed clause 2 and was critical of the previous Government's record on the covenant. It seems rather strange that we get criticised for all these things after seven or eight months, whereas I seem to remember that the previous Government were there for 13 years.

My hon. Friend the Member for Tamworth (Christopher Pincher) asked us to go the extra mile for the armed forces. He is absolutely right. They are in a unique position, and we should and will go that extra mile; we are committed to doing so. He talked about service family accommodation. We are working on improving quality. I recently cut the turf on a new estate, the Canadian estate in Bulford. It was put on hold under the last Government, but we have started again. There is, of course, a big issue about cost. We are also working towards greater home ownership. My hon. Friend may know of the new employment model, which will mean that the Army will tend to be based more in the same place, rather than moving around the country.

I heard the plea that my hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile) made for Armed Forces day in Plymouth, and we will certainly consider that. I absolutely agree with his central point, which is that we must make the armed forces feel valued. I know that I am a bit older than some people on the Opposition Front Bench—

Mr Jim Murphy: All of them.

Mr Robathan—all of the people on the Opposition Front Bench; I can remember the Labour Government of 1974 to 1979. The pay of the armed forces was reduced so much, and was so poor, that people left in their droves, and we ended up with something called the black hole of officers. So many officers of captain and major rank left that there was a huge black hole, which was quite good for promotion, but not much good for the armed forces.

My hon. Friend the Member for Dover (Charlie Elphicke), who is extremely proud of Dover and military life there—I got that message—mentioned electoral registration. We are working on ensuring that it is easier for service personnel to register only once, because the system has become extremely complicated under quite well-meaning measures of the previous Government.

The shadow Minister, the hon. Member for West Dunbartonshire (Gemma Doyle), gave her first speech from the Front Bench. I congratulate her and welcome her to the Front Bench. I also welcome the service personnel Command Paper; I think that the hon. Member for North Durham (Mr Jones), who is not here, was partly responsible for it. It is basically a good piece of work that we support, and we are going forward with many of the improvements that were suggested and started by the previous Government; I think that we can say that.

The hon. Member for West Dunbartonshire then, I am sorry to say, went on about the external reference group, which we value. We have no plans to get rid of it, or to not publish its reports. It will produce a report, which will be seen and will be transparent. I assume that it will become evidence to the report on the covenant that the Secretary of State will have to make to Parliament. As I explained to the hon. Member for Dunfermline and West Fife, that is about the accountability of the Government to Parliament, on which I hope we all agree. This is a non-story, a non-issue; the process will be transparent and accountable. We will listen to the external reference group, and if it does not like what we have done, I would expect it to say so. Hew Strachan and I have regular meetings. I always counsel people not to believe everything that they read in the newspapers.

We will look at the idea of a veterans identity card, which the hon. Member for West Dunbartonshire was lauding, but one of the issues that should be addressed is: who actually wants it? It is quite important that a little bit of market research is done on that, to start with. She asked whether I was having meetings with people on the Bomber Command memorial. I had a meeting just before the recess with the new chairman of the Bomber Command memorial. We had a very constructive meeting, and I am helping him on one particular issue that I do not want to get into now; difficulties had arisen over planning permission in the royal parks.

The hon. Lady attacked us regarding the covenant. We are introducing the covenant. The Labour Government did not do so. It is rather strange to hear us attacked in such a way for what we are doing on the covenant. It is work in progress, like the degree of the hon. Member for Dunfermline and West Fife.

Chris Bryant: And like this speech.

Mr Robathan: The hon. Gentleman does an awful lot of chuntering. I am surprised that anyone lets him in.

Finally, I turn to the speech from the right hon. Member for East Renfrewshire (Mr Murphy), the shadow Secretary of State. Disappointing is the best word to describe it. He said that our attitude was heartless. He was a member of the previous Government under the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown). I point out to him that one cannot spend money that one has not got. The previous Government spent it like water. They destroyed our economy.

The right hon. Member for East Renfrewshire grins back at me. He highlighted the decision of the Chancellor of the Exchequer and the Government to change the indexation of service pensions from RPI to CPI, so perhaps now he will stand up and pledge that should, God forbid, the Labour party be returned to government at the next election, it will return the indexation of armed forces pensions and perhaps all public service pensions from CPI to RPI.

Mr Murphy: The right hon. Gentleman tempts me to rise, and I encourage the Secretary of State to rise to defend his policy. The question is whether it is right to take away from war widows and those who were severely injured on the battlefield in Afghanistan pension entitlement that they had reasonably expected. Perhaps the Minister should focus less on what will be in our manifesto in two, three or four years, and more on his policy this very evening. He should try at least to do what the Secretary of State failed to do and defend his own policy.

Mr Robathan: After that extremely long intervention, I notice that the right hon. Gentleman did not answer the question. He says that we are taking money away from people. We are doing nothing of the kind. That is scaremongering. We are changing the indexation going forward, as he is well aware. We must address the huge debt left behind by the previous Government. *[Interruption.]*. Opposition Members are obviously in denial. That is what we have to do.

The Bill is important, as I have explained, because it is part of parliamentary control of the armed forces. It provides the legal basis for the armed forces to exist. Without it, there would be some rather interesting and difficult situations.

Thomas Docherty: Will the Minister give way?

Mr Robathan: No, I think not.

There is an annual continuation order, which must be approved by both Houses every year. The Bill is the primary legislation, which we must have every five years, as most Members of the House know. I have a real interest in the safe passage of the Bill. Perhaps I should have declared that I am a recipient of an armed forces pension changing from RPI to CPI indexation. It will be a privilege to take the Bill through the House.

Finally, I pay tribute to all members of the armed forces who are even now serving on duty in Afghanistan in real danger on our behalf. I also pay tribute to the families and the communities who support them.

Question put and agreed to.

Bill accordingly read a Second time.

ARMED FORCES BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A(7)).

That the following provisions shall apply to the Armed Forces Bill:

Select Committee

1. The Bill shall be committed to a Select Committee.

2. The Select Committee shall report the Bill to the House on or before 10 March 2011.

Committee of the whole House, consideration and Third Reading

3. On report from the Select Committee the Bill shall be re-committed to a Committee of the whole House.

4. Proceedings in Committee of the whole House on re-committal, any proceedings on consideration and proceedings on Third Reading shall be completed at one day's sitting.

5. Proceedings in Committee of the whole House and any proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

6. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion one hour after the commencement of those proceedings or at the moment of interruption on that day, whichever is the earlier.

7. Standing Order No. 83B (Programming committees) shall not apply to proceedings in Committee of the whole House and on consideration and Third Reading.

Other proceedings

8. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed. *(Angela Watkinson)*

Question agreed to.

ARMED FORCES BILL (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)).

That, for the purposes of any Act resulting from the Armed Forces Bill, it is expedient to authorise the payment out of money provided by Parliament of any increase attributable to the Act in the sums payable under any other Act out of money so provided. *(Angela Watkinson)*

Question agreed to.

SELECT COMMITTEE ON THE ARMED FORCES BILL

Ordered,

That the following provisions shall apply to the Select Committee on the Armed Forces Bill:

1. The Committee shall have 14 members, to be nominated by the Committee of Selection.

2. The Committee shall have power

(a) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place and to report from day to day the minutes of evidence taken before it;

(b) to admit the public during the examination of witnesses and during consideration of the Bill (but not otherwise); and

(c) to appoint specialist advisers either to supply information not readily available or to elucidate matters of complexity relating to the provisions of the Bill. *(Angela Watkinson.)*

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)).

POSTAL SERVICES

That the draft Post Office Network Subsidy Scheme (Amendment) Order 2010, which was laid before this House on 10 November, be approved. *(Angela Watkinson.)*

Question agreed to.

Unscrupulous Lenders

Motion made, and Question proposed, That this House do now adjourn.—*(Angela Watkinson.)*

9.40 pm

Derek Twigg (Halton) (Lab): First, may I express my gratitude to you, Mr Speaker, for allowing me to hold this debate, the first of the year, on illegal moneylending? It is held at a most poignant time, with individual and family debt increasing following the financial pressures of Christmas, the new year VAT increase, higher transport and energy costs and the spectre of public service, job and benefit cuts looming large in the UK economy. Indeed, we are in an economic climate most conducive to increasing the number of vulnerable people who fall prey to the illegal and intimidating practices of unscrupulous loan sharks, which have severe and, in some cases, devastating effects on victims, their families and the wider communities.

It will come as no surprise to many of us that the areas with the greatest concentration of loan shark activity are deeply deprived social housing estates, as identified by Policis, the independent economic and social research consultancy, in its November 2006 report, "Illegal Lending in the UK", for the then Department of Trade and Industry, arguably the best academic study of illegal lending to date.

Those areas, largely urban conurbations and predominantly in the north, the west midlands, Scotland, Wales and the deprived parts of London, have relatively high rates of home credit exclusion, which in itself correlates strongly with deprivation. Loan sharks are illegal moneylenders: they lend without a credit licence, causing immense misery by preying on some of the most vulnerable in our society. They subject many of them to intimidation and threats of or actual violence, while charging super-inflated interest rates—sometimes about 2,500%—and arbitrary late-payment penalties.

A particularly distressing case from my constituency of Halton is my principal reason for applying to hold this debate this evening. Brian Shields, from Runcorn, committed suicide on 3 December 2005 aged just 22. A keen sportsman and a promising footballer, he had run up debts to a loan shark, owing to the extortionate interest rate of 90% that he was charged. A debt of £300 rose to more than £3,400 in a matter of weeks.

The illegal moneylender, Paul Nicholson, was jailed indefinitely in 2009 for offences including moneylending without a licence, blackmail and assault against a number of his victims. He was convicted of raping one woman who could not repay her debts and of threatening to petrol-bomb another woman's house. The judge in the case said it was

"deliberate, blatant, systematic and sustained intimidation",

and Nicholson was locked up indefinitely for the public's protection.

Brian Shields' mother, Carol Highton, also from Runcorn, hopes that the case of her son's death might at some stage be re-investigated, owing to evidence of a struggle in the house and the presence of another person shortly before he died. I pay tribute to Mrs Highton, who has been leading a campaign on behalf of families and their victims to introduce far tougher legislation to halt the practice of illegal moneylending, which takes place in a secretive and shadowy world, in clubs, pubs and bars, on mobile phones and through text messaging.

Carol Highton believes that the death of her son Brian raises two very important issues that need to be addressed. First, not enough is being done nationally and particularly in communities of low-income and single-parent families to halt the practice of illegal moneylending and the cynical use of high interest rates to maximise profits from loans. Secondly, there might be many more suicides or attempted suicides by victims who cannot cope with the threats and intimidation that are often the trademark of loan sharks who prey on vulnerable young people and people in general. Mrs Highton believes that the wording of the Suicide Act 1961, which says that it is a crime to

"aid, abet, counsel or procure the suicide of another",

should apply when people are known to have taken their own lives as a result of threats and intimidation from a moneylender. If such a prosecution policy became more widespread, that would help to deter the practice.

Mrs Highton feels that the law on assisted suicide, which carries a maximum jail sentence of 14 years, should be used to prosecute individuals whose threatening, menacing and intimidating behaviour can drive a person to take their own life, as she says happened with her son. Will the Minister talk to his colleagues at the Ministry of Justice about that? Will the issue be considered when there is a review of criminal offences?

On the night prior to his death, Brian received two phone messages from Nicholson demanding payment—one as late as 11.3 pm. Nicholson also imposed a £10-a-day late payment fine. At the inquest, the coroner noted that Brian had a history of drug taking and financial problems and had received threats concerning the debts.

Since launching the Brian Shields Trust to campaign against loan sharks and provide confidential advice to victims and their families, Carol Highton has discovered that hundreds and possibly thousands of people across the country have suffered at the hands of loan sharks and have been driven to the point of suicide—in some cases, by tactics even worse than those employed by Nicholson.

Carol has appeared many times in the broadcast and print media and is a willing and courageous campaigner, lending active support to teams across the country to help raise the profile of their work on illegal moneylending and of the misery that the practice can cause. That can include forcing victims to engage in drug running, fencing stolen goods and forced sex acts. Her work has been recognised nationally and locally, with television and community awards for her campaigning and courage and the work in close partnership with housing associations, credit unions and the police.

National figures produced recently by Birmingham-based illegal moneylending teams show that since 2004 more than 1,700 illegal moneylenders have been identified, more than 500 arrests have been made and £37 million of illegal debts have been written off. The illegal moneylending teams throughout the regions have helped more than 16,000 victims and more than £20 million of assets are expected to be seized under proceeds of crime procedures, with £1.3 million being seized in cash.

For the launch of the national "stop loan sharks" campaign video last May, the Office of Fair Trading commented that

"Nationally, the Stop Loan Sharks project has so far helped more than 11,500 people, written off more than £31 million of illegal debt, secured more than 60 years in prison sentences including an indefinite sentence for public protection, and seized £1 million in cash."

At this point, it is worth drawing the House's attention to the illegal moneylending team structure that the previous Labour Government put in place to tackle the issue head on. It will be useful to quote from the 2009 press release of the Department for Business, Innovation and Skills on the extension of the regional pilot schemes.

"Under the Illegal Money Lending Project the Department has been funding regional teams in Glasgow and Birmingham since 2004 to investigate the impact of strong enforcement against illegal moneylenders (loan sharks).

In 2004, BERR invested £2.6 million in the project and secured a further £1.2m from the Financial Inclusion Fund to expand the pilot into Liverpool, West Yorkshire and Sheffield.

In 2007/8, the project was rolled out throughout England, Scotland and Wales with an additional £2.762m from the Financial Inclusion Fund. BERR committed a total of £16.5 million to the Illegal Money lending Project since the launch of the pilot in 2004.

It was announced In December 2007 that BERR would continue to fund an illegal money lending team in every region in Great Britain until March 2011.

Current plans are that activity will continue at a similar level of intensity throughout the period, subject to periodic review of the impact of the initiative.

The project is a key part of the Government's"

that is, the then Government's

"financial inclusion agenda, one of the aims of which is to help people gain access to affordable credit. To this end, the teams will focus on providing support to victims as well as on securing convictions against illegal lenders.

The teams will initially target their activity in the areas identified in research published by the Department in December 2006 as areas where the incidence of illegal money is likely to be particularly high."

I shall not list all the areas, but they include: Cardiff and Swansea in Wales; Hackney, Tower Hamlets and Newham in London; Southampton in the south-east; Newcastle in the north-east; Leeds and Sheffield in Yorkshire and the Humber; and Liverpool and Greater Manchester in the north-west. The press release went on:

"The Birmingham team expanded its existing operations to cover the North West, the South East and the East of England.

It was also given additional funding to support increased financial inclusion and victim support activity in its existing areas: West Midlands, West and South Yorkshire, and Liverpool. The Glasgow team was given additional funding to enhance its financial inclusion and victim support work in Scotland.

New regional teams have been established in the North East, East Midlands, South West, London and Wales, Merseyside and the North East. Since the pilots were established in September 2004, the teams have achieved a number of notable successes."

The illegal moneylending team and the Brian Shields Trust, which work closely together, have welcomed the Minister's recent announcement that the illegal moneylending team regime is to receive Government funding of £5.2 million a year over three years. While the Government's commitment to such work is welcomed, the Brian Shields Trust points out that just over £5 million a year is only a fraction of the money that is expected to be seized in assets from illegal moneylenders under Proceeds of Crime Act 2002 procedures. In the case of Paul Nicholson alone, the authorities managed to recover £800,000, although Nicholson's ill-gotten gains were originally put at £4.3 million.

[Derek Twigg]

The scale of the problem—one that is likely to be made worse by the current economic climate—raises the question of whether sufficient is being invested. Will the Minister say what impact assessments have been made of the scale of the threat posed by loan sharks socially and economically, and what criteria have been established for the new funding arrangements to match the funding needs to tackle illegal lending? How can he be confident that the resources at the Government's disposal are sufficient to deal with the growing scale of the problem? Is he keeping the situation under review?

The Brian Shields Trust wonders whether the money claimed under the Proceeds of Crime Act is new money or money reclaimed by the courts originally belonging to the victims. Would it not be fair if some mechanism were put in place to enable victims to reclaim money paid to illegal moneylenders, who are obviously operating outside the law? I also share Carol Highton's concerns about whether the replacement of the regional teams with one team for England based in Birmingham will achieve the desired result of a more robust and better restructured strategy or, as I suspect, will spread more thinly the good work that has been done in tackling loan shark practices. This is the important point I want to make to the Minister. The regional illegal moneylending teams themselves express such concerns about the proposals of the Department for Business, Innovation and Skills to replace them with one national body for England in Birmingham, as announced by the Minister at the end of December.

Howard Turton, enforcement manager of the north-east illegal moneylending team, says that such a proposal would be a backward move in the fight against illegal lenders. He is on record as saying:

"We believe that the decision to deprive the North-east of a local team will be damaging to the communities we serve and is a retrograde step"

that will have

"an adverse effect on the levels of enforcement activity across the region."

That is despite the success of the north-east illegal moneylending team, which was set up by the Labour Government exactly three years ago precisely to tackle the prevalence of illegal lending in the area. That team has written off some £2 million of illegal debt and secured the arrests of 80 illegal lenders.

Particular successes have included the seizure of £6,000 in cash and cheques following a home and office raid during December 2009 in Redcar and three arrests in connection with the confiscation of counterfeit luxury goods. Mr Turton worries that smaller community lenders—more prevalent in the north-east—will be overlooked by a nationally based operation that is keener on targeting the really big players. As Councillor Brian Hubbard of Middlesbrough argues,

"to centralise something that essentially works better when it is localised does not make any sense."

Indeed, surely a legitimate concern is whether local existing expertise in tackling loan shark activity and supporting its victims at the coal face will be lost in the concentration of resources to a single centre of operations.

I am aware that my hon. Friend the Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) made representations to the Leader of the House in business questions on 25 November to secure not only a Commons debate on the issue, but a top level meeting with BIS Ministers. The Department for Business, Innovation and Skills has admitted that some redundancies will take place among regional lending team staff, and one has to question what the uptake will be of staff accepting job transfers from the north-west and north-east to, for instance, the national Birmingham centre.

Indeed, at a time when vulnerable people will be even more exposed to loan shark victimisation due to the austerity cuts, how can the Minister justify the sacking of existing local lending team staff, who are there to help people? That will doubtless put more pressure on already stretched Jobcentre Plus staff, who I understand will be trained in identifying those who have fallen prey to moneylenders. My local citizens advice bureau has expressed similar concerns to me. Indeed, what kind of perverse logic deems it necessary to axe the jobs of those who are there to help vulnerable people escape the traps of unemployment, indebtedness through illegal lending and, in many cases, the mental and physical ill health that is associated with it for themselves, their families and their communities? I remind the Minister that the coalition agreement said:

"Difficult decisions will have to be taken in the months and years ahead, but we will ensure that fairness is at the heart of those decisions so that all those most in need are protected."

I should like to make it clear that no criticism of the hard work of the illegal moneylending team in Birmingham is intended, as it has proved how successful it has been in the past four years and is doing fantastic work in setting up savings accounts and directing people towards legitimate credit unions.

It is worth noting that more than 150 credit unions and community financial institutions have benefited from the Department for Work and Pensions growth fund and that more than 306,000 loans have been made to financially excluded people, with an estimated total value of £133 million. Given the Department's budgetary constraints, will its growth fund continue to be fully resourced to sustain these worthwhile contributions?

The ability to access good-quality money advice and debt counselling services is an essential weapon in combating illegal moneylending and debt. With the onset of the financial crisis, the previous Labour Government recognised this and provided additional funds for money advice and debt counselling services. I pay particular tribute to the work done in this regard by Halton citizens advice bureau and Halton borough council in my constituency. What are the Government doing to strengthen debt and money advice services?

One final thought is whether the practice of illegal moneylending is treated too much like a consumer trading offence instead of a crime under the Theft Act 1968. According to the illegal moneylending teams, prosecutions take place under the Consumer Credit Act 2006, not the Theft Act, even though the dealers are no longer licensed.

I would very much welcome the Minister's views on these matters.

9:56 pm

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): I thank the hon. Member for Halton (Derek Twigg) for securing this debate because it gives me, as a Minister, the chance

to deal with some of the detailed questions that he has put to the House and to talk about the general issue, which is a very serious one. He is right to say that it affects some of the most vulnerable in our society, on whom these illegal loan sharks prey. We as a Government are committed to building on the good work of the previous Government to ensure that we have people ready to tackle those criminals.

The hon. Gentleman began his remarks with the tragic story of his constituent, Brian Shields, who committed suicide under the pressure of loans and loan sharks. May I send my condolences to his constituent's family and pay tribute to the work that they have done by campaigning on this issue? They have clearly made a very significant contribution.

The story that the hon. Gentleman told about Paul Nicholson, who was a loan shark acting in his constituency, shows the significance of this crime and how devastating it can be for individuals and communities. This individual preyed on vulnerable consumers in the hon. Gentleman's constituency. When he was found guilty of these crimes, he was ordered to pay back almost £1 million, and sentenced to an indefinite term. The judge, rightly, was very strong in his remarks about the appalling way in which this individual had behaved. That example shows the need for vigilance and the need to invest in this area.

The hon. Gentleman asked us to do more. I am pleased, however, that we were able to announce that we are maintaining funding for illegal moneylending teams so that next year there will be same rate of funding as this year. Given the levels of cutbacks that we are seeing in many programmes in my Department and across the Government, that is testament to the significance that we give to this project and the value that we place on the excellent work done by the illegal moneylending teams who have been operating so well.

The hon. Gentleman raised a number of questions about our policy in respect of illegal moneylending teams, and I want to address those directly before moving on to more general remarks. I am glad that he welcomed the investment we are making, although he asked what assessment we had made of the need and whether more money should be provided to ensure that that need was addressed. I have to tell him that

10 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn. *(Angela Watkinson.)*

Mr Davey: The evidence from the illegal moneylending teams shows that the work needs to continue. It would, of course, be nice to increase the work, because it is clearly effective. However, I refer the hon. Gentleman to the evaluation of the illegal moneylending project by Policis, which was published in October 2010. It concluded that the project had made an excellent start to tackling illegal moneylending, but that we needed to reform the way in which illegal moneylending teams were set up. It was very clear that larger teams that covered a wider operational area were more successful than smaller ones. That independent report, which was set up by the previous Government, recommended that the whole project should adopt that model. Although I understand the concerns of, for example, the teams in the north-east, which the hon. Gentleman repeated, I refer him and the people who have those concerns to the report. It stated that we would get better value for money and be operationally more successful if we restructured in the way that we propose. No way is this some sort of cutback. The aim is to make the teams more effective in tackling the problem.

We will also ensure that the project retains local understanding and presence. I hope that gives some reassurance to the hon. Gentleman and his colleagues. Financial inclusion officers, who can direct people to advice and support, will continue to be based locally. We are trying to get the balance between the local and national issues that he rightly talked about. I think that we can get the best value for money and make the teams more operationally effective, while still getting the important local information, under the structure that we propose.

The number of job losses owing to the closure of regional teams will be relatively small. Our aim is to protect front-line enforcement staff numbers as far as possible and for many staff to be transferred to the Birmingham team.

I do not agree with the idea that having a team that covers the whole of England, as well as ones that cover Wales and Scotland, will prevent the team from paying attention to small-scale illegal lenders and will mean that it focuses resources only on large-scale investigations. The project aims to have an impact across the country, and to learn the lessons of recent years. We will continue to tackle community-based loan sharks and those that operate across wider areas. There will still be the hotline number, 0300 555 2222, that people can ring and text for support and help.

The project will play a central role in our attempt to tackle this problem. I would welcome the chance to have a wider debate on this subject, should one of the hon. Gentleman's colleagues secure it from you, Mr Speaker, because I believe that we can achieve consensus in this area. We can pay tribute to the previous Government, which initiated the project. In return, I hope that this Government will get some credit for continuing the level of funding and for building on the independent report that the previous Government commissioned.

The hon. Gentleman asked about debt and money advice, which has been raised by Citizens Advice and others. The consideration of future funding is still being worked through as the implications of the spending review are analysed, and we are waiting for Her Majesty's Treasury to come to its final conclusions, which I am sure will be announced in due course.

The hon. Gentleman asked whether there should be a review of criminal offences in relation to suicide. He will understand that that is a matter for Ministers in the Ministry of Justice, but I am sure that his comments will be brought to their attention.

I am particularly delighted that the hon. Gentleman has given me this opportunity to discuss this subject, because we initiated the consumer credit and personal insolvency review last year and hope soon to begin the process of analysing all the responses that we have received. We thought it necessary to step back and examine the matter because consumer debt is such a problem. He has highlighted one extreme—unscrupulous and illegal moneylenders—and noted how damaging it can be, but I am sure that he is aware that when one looks across the landscape of debt, one sees many different problems for individuals and families.

[Mr Davey]

The numbers involved are huge, and they should worry us all. Outstanding borrowing by individuals stands at about £1.46 trillion, having more than doubled in the past 10 years. About 12 million households, just under half of all the households in the UK, have some type of unsecured debt, of an average amount of just over £10,000. We can examine the changes in more detail. In the third quarter of 2009, £44 billion was lent to UK consumers in unsecured credit, compared with about £9 billion in the same period in 1987. If we allow for inflation, that is an increase of nearly 250%. The significance of credit and debt in our society and our economy is massive, and it has created problems that previous Governments and previous generations did not have to deal with.

Let me be absolutely clear that borrowing, in itself, is not bad. We should welcome the freedom to access credit, and credit liberalisation has been a force for good in many ways. It is excessive borrowing and irresponsible lending that causes problems, and we need to analyse it carefully. When we published the review document, I was keen, first, to examine what we might call the life-cycle of debt, starting at the point at which the decision to take on debt is made, and consider how consumers and lenders could make better borrowing and lending decisions. If we can improve the financial capability of borrowers and achieve a new culture of responsible lending, that will improve initial decision making.

Secondly, I was keen to ensure that consumers and lenders managed their existing borrowing in a way that was much more sustainable in the long term. We want consumers to be more proactive in managing their borrowing, and thus better prepared to deal with the uncertainties that life can bring upon them, whether it be illness, unemployment or the other problems that can make borrowing arrangements and debt so damaging.

Thirdly, I wanted to examine situations in which credit arrangements go wrong and people fall into difficulties, to ensure that people are signposted more effectively to the best possible debt advice. There is clear evidence that people with debt problems turn to the first person they come across. If that person, organisation or company is not scrupulous, they can get advice from exactly the wrong type of people. I know that the previous Government were concerned about that. There is a mirror image of the unscrupulous lenders about whom the hon. Gentleman talked—debt advice organisations that are almost as bad as loan sharks. We need to ensure that we tackle that problem, especially as so many organisations, not least citizens advice bureaux, offer exemplary debt advice services.

I end by reiterating the hon. Gentleman's comments about the illegal moneylending teams. It was a major theme of his speech, and I want basically to agree with him. Their success to date has meant that they have arrested more than 500 illegal moneylenders, written off more than £37 million of illegal debt, which would otherwise have had to be paid back, helped more than 16,000 victims of loan sharks and seized more than £1.3 million in cash.

That reminds me of another question, which I have not yet answered. The hon. Gentleman asked whether the new funding that we announced would come from the cash that was seized from illegal moneylenders. I am afraid that the amount of money seized from illegal moneylenders is much smaller than the sum that we have announced. As he knows from the Proceeds of Crime Act 2002, that money has to go back to the Treasury anyway, so there is no hypothecation or earmarking. We have not tried to make some behind-the-scenes saving—the money that we have announced is genuinely new, and I am glad that he welcomes it.

I commend the work of all the teams. I appreciate that we are asking them to restructure, but I hope that they will examine the independent evaluation and realise that we are doing that with the benefit of analysing and valuing their excellent work in helping the victims of loan sharks, and in helping to tackle the scourge of loan sharks in our communities.

I assure the House that the Government appreciate concerns about the availability and the consequences of consumer credit. Used sensibly and responsibly, credit is a tool for coping with life's uncertainties, but we need to gather the evidence before we introduce new rules, or else risk unintended consequences. The review that we have initiated constitutes a strategic approach to the issue, although we have already been able to act against unscrupulous lenders.

Question put and agreed to.

10.12 pm

House adjourned.

House of Commons

Tuesday 11 January 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

JUSTICE

The Secretary of State was asked—

Drugs Act 2005

1. **Paul Flynn** (Newport West) (Lab): What discussions he has had with the Secretary of State for the Home Department of the effects on the size of the prison population of implementation of the provisions of the Drugs Act 2005. [32677]

The Minister for Policing and Criminal Justice (Nick Herbert): We have not recently discussed this specific point, but both the Government's sentencing and rehabilitation Green Paper and their drug strategy include commitments to encourage drug-misusing offenders into recovery-based treatment.

Paul Flynn: Jailing drug offenders costs taxpayers half a billion pounds a year—£41,000 per prisoner. As health treatments are far better value and more effective, would not it be more sensible to treat drug addicts as patients, not as criminals?

Nick Herbert: It may be more sensible in many cases. That is why we said in the Green Paper that we published before Christmas that we would test options for intensive community-based treatment—both residential and non-residential—and couple that with more rigorous community orders. It is important to have a punitive element for offending as well. The goal should be to ensure that offenders get off drugs, but too often that is not the case.

Mr David Burrowes (Enfield, Southgate) (Con): Does my right hon. Friend agree that the new drug strategy represents a significant shift from the present treatment system, which is characterised by repetitive assessments and conflicting funding streams, to one of payment by results—those results being the number not of boxes ticked but of addicts in recovery beyond the prison gates?

Nick Herbert: I strongly agree: we do have a problem at the moment. A recent study showed that nearly a fifth of offenders in prison who had ever tried heroin had tried it for the first time in prison. In some cases, offenders get on to drugs, and we also have a problem with treatments, with drug rehabilitation requirements that are not completed. We have to get more rigour into drug treatment. That is why the payment-by-results model that we will pilot to get offenders off drugs, for both community orders and post-release treatment, is such an attractive way forward.

Long-term Custodial Sentences

2. **Dr Thérèse Coffey** (Suffolk Coastal) (Con): What definition of a long-term custodial sentence his Department uses. [32678]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): The Criminal Justice Act 1991 defines a long-term prisoner as

"a person serving a sentence of imprisonment for a term of four years or more".

There are still some prisoners serving sentences under the 1991 Act, but the term has not been in use since 2003.

Dr Coffey: I thank my right hon. and learned Friend for that answer. I am sure he is aware that another Department is relying on the definition he provides. A lot of my constituents will be concerned that some serious offences are not attracting the term of four years that he refers to. For example, a rape recently carried a sentence of three and a half years and an armed robbery in which the offender brandished a knife carried a sentence of under four years. If we want to be serious about crime, we have to be serious about sentencing.

Mr Clarke: Nobody draws an arbitrary line. However, I quite agree that serious offences do not always attract four years' imprisonment. I suspect that my hon. Friend's reference to another Department concerns the Deputy Prime Minister and a prisoner's right to vote, which I believe is the subject of the next question. The four-year div de is used for some purposes in the Prison Service: people with more than four years are regarded as unsuitable for home detention curfew before release. The approach to prisoners' voting rights is an attempt to find a rational threshold above which it makes sense to draw the line. No doubt we will return to that issue—perhaps in a few moments.

Kevin Brennan (Cardiff West) (Lab): If the term is no longer in use and is arbitrary, why are the Government using it to allow robbers, sex offenders and others the vote?

Mr Clarke: We have taken legal advice on what is necessary. *[Interruption.]* No doubt the previous Government did so when they consulted and suggested a four-year margin themselves. *[Interruption.]* They did. They consulted twice on prisoners' voting rights but were unable to come to any conclusion. No doubt they were desperately panting for the election date in the hope of getting over the line and leaving it to us. They contemplated the four-year figure and we have to draw a line rationally to comply with the legal obligations that the previous Government neither doubted nor cast doubt on.

Prisoners (Voting Arrangements)

3. **Mr James Gray** (North Wiltshire) (Con): What discussions he has had with the Prison Service on arrangements to enable certain prisoners to vote. [32679]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): Prisoners given the right to vote under the Government's proposals will vote by post or proxy in the constituency of their normal residence. That is the basis on which prisoners on remand and prisoners convicted but unsentenced already vote under existing long-established procedures.

Mr Gray: If, as the Government propose, prisoners serving less than four years are given the vote, the vote will be given to 6,000 violent offenders, 2,000 sex offenders, 6,500 robbers and burglars, and 4,500 drug offenders, which any sensible person, including the Prime Minister, I think, would find wholly offensive and unacceptable. Does the Secretary of State agree that it should not be the European convention on human rights that decides matters but Parliament, and will he listen not to the lawyers but to other European countries such as Belgium, where the vote is given to prisoners serving up to four months? Let us make it four months—even better, four days; even better than that, four minutes.

Mr Clarke: I do not think that anyone in government, including my right hon. Friend the Deputy Prime Minister, is under any illusion about the popularity of the proposal to be introduced. We are under legal obligations which no one is suggesting we should repudiate. As I often had to explain when I practised law to dissatisfied litigants who had just lost a case that they would have preferred to win, one can get into more trouble if one seeks to define it. If my hon. Friend wishes really to enrage his constituents and mine, he runs the risk of taking a decision that will result in thousands of prisoners being given compensation for their lost rights and in tens of millions of pounds of expenditure incurred by the taxpayer. We are in government, I am afraid, as I often find myself saying to our Liberal Democrat colleagues, and we have to act responsibly, whatever our inner feelings about the wisdom of the judgment that has been reached in the Court whose jurisdiction we still accept.

Mr David Crausby (Bolton North East) (Lab): Is the Secretary of State for Justice considering any additional precautions regarding the postal vote for prisoners because, after all, we are dealing with criminals?

Mr Clarke: At the moment, without anybody making any fuss at all, people on remand have been casting postal votes from prison, and have probably been doing so, as far as I am aware, throughout my political career. That is also the case for people who have been convicted but have not been sentenced, including individuals convicted of serious offences. Not many of them bother to do so, and I am not aware that they have ever made a significant difference to the result in a single constituency, but the fact is that we have to address the consequences of this judgment. We propose that, even for those people with a sentence of less than four years, there should be judicial discretion to remove the right to vote as part of the punishment in appropriate circumstances.

All of this can be debated when it comes up, but I urge Members on both sides of the House not to go too far beyond expressing understandable annoyance, and not to begin to commit themselves to a course that would cost the taxpayer tens of millions of pounds, to no particular effect.

Alun Cairns (Vale of Glamorgan) (Con): I accept the difficulty that the Secretary of State faces, bearing in mind the will of the public and the will of Parliament expressed on both sides of the Chamber. However, what analysis has he made of the situation in Belgium, where a prisoner serving more than four months forgoes the right to vote?

Mr Clarke: One by one, various countries have been challenged on that front, and one by one the more restrictive measures are falling. Some have no restrictions at all, and just allow prisoners to vote. It was necessary for the Government and my right hon. Friend the Deputy Prime Minister to take the best legal advice on what could protect us against the risk of future claims and judgments, draw a line under that and comply with legal objections. That is the basis on which we arrived at four years, and as I have just explained, there is some logic in putting a four-year threshold in, as we can refer back to the old definition of long-term imprisonment to explain rationally why we have chosen that threshold.

Sadiq Khan (Tooting) (Lab): It is worth reminding the House that details of plans to allow people serving sentences of up to four years to have the vote was given via press release on the last Friday before we broke up for Christmas. May I ask the Secretary of State what role Ministers in his Department played in the Deputy Prime Minister's plans, and can we take it that he, his Ministers and all the Law Officers agree with the Deputy Prime Minister that four years is the appropriate threshold?

Mr Clarke: I was obviously involved in the collective discussions, as were colleagues, and we took the best legal advice. I remind the right hon. Gentleman that the previous Government accepted the legal obligation. The Government in which he recently served undertook two consultations, and they canvassed four years as a possibility. *[Interruption.]* With great respect, they did canvass four years, and they also accepted that prisoners should vote in all elections, including local government elections and referendums. We have drawn back from that. We are proposing that they should vote only in parliamentary and European elections.

Legal Aid Expenditure

4. **Heidi Alexander** (Lewisham East) (Lab): What recent discussions he has had with ministerial colleagues on the likely effect on the expenditure of other Departments of his proposed changes to expenditure on legal aid. [32680]

8. **Nic Dakin** (Scunthorpe) (Lab): What recent discussions he has had with ministerial colleagues on the likely effect on the expenditure of other Departments of his proposed changes to expenditure on legal aid. [32684]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): I have had discussions with a number of ministerial colleagues. Those discussions have covered a range of matters affecting our respective

Departments, including the potential impact that our proposals to reform legal aid could have on those colleagues' Departments.

Heidi Alexander: I thank the Minister for his reply, but may I push him a bit further on the longer-term costs to the public purse of withdrawing legal aid for all education matters? Obviously, that includes school exclusions. Given that the link between exclusions and offending is well documented, is it not a false economy to cut legal aid for that type of case?

Mr Djanogly: The way in which the impact will take shape in each Department—the hon. Lady mentioned education—is complicated because it involves determining whether our proposals will lead to behavioural change. We intend that that should be the case and that alternatives to court and taxpayer-funded remedies should be used to resolve disputes when at all possible.

Nic Dakin: The White Paper suggests retaining legal aid only for cases in which homes are at risk, but all housing cases carry the risk of homelessness if an early intervention is not made. A representative from a legal practice that currently gives advice to 350 people a year in the Scunthorpe area told me yesterday that most clients are referred to it by the citizens advice bureaux and the wider voluntary sector.

Right now, those agencies do not have the capacity to give appropriate support, and given that funding is being withdrawn by the state and local authorities, the system itself is in imminent threat of collapse. Does the Minister agree that if the proposals go ahead without significant additional money being invested in the voluntary sector, necessary early intervention will not take place, leading to higher levels of homelessness at a significantly higher cost—

Mr Speaker: Order. I think we got the gist of it.

Mr Djanogly: As the hon. Gentleman intimated, the housing budget for legal aid will have savings. However, he failed to mention that it will go down from some £50 million of spending to £38 million of spending; this area of spend is not going to disappear. If an individual or family are subjected to having their home repossessed or if there is any chance of their losing their homes, legal aid will remain available.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Are Ministers not going to have to take steps to convince people that they will not be put at a disadvantage by appearing before tribunals without legal representation? Is the Minister going to take steps to ensure that voluntary organisations can provide people with the support that they would need to appear in person at tribunals?

Mr Djanogly: My right hon. Friend makes an important point. This issue is wider than purely legal aid; it is also about how we give what is often non-legal advice. To a great extent, that is provided by the not-for-profit sector. I have had some half a dozen meetings in recent weeks with the not-for-profit sector. We also accept that there is a co-ordinating role across Government to ensure that we minimise any gaps.

Mr Julian Brazier (Canterbury) (Con): May I urge my hon. Friend, in doing this review, to look at the spending of legal aid money on private investigators? There was a case in my constituency in which the Legal Aid Board funded a quite dangerous criminal, well known to the police, in the search for his badly battered wife and small children; it then went on to fund his case without making any effort at all to see whether his claim to be penniless was true. He went on to harass that low-income family; the woman had remarried. I urge the Minister to look into that kind of case.

Mr Djanogly: The question of expenses, which would be included in what my hon. Friend mentions, is mentioned in the consultation document. If he gets in touch with me, I will specifically make sure that it caters to the point that he has raised.

Mr Andy Slaughter (Hammersmith) (Lab): In answer to a recent question, the Minister stated that appeals against decisions on incapacity benefit were 65% more likely to succeed if the appellant were represented. If we apply that to all areas of social welfare law where he is proposing to cut legal aid, that would mean at least 40,000 people each year losing appeals that they would win today solely because of the lack of representation. In the light of that and of the answer that he has just given to the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), will he withdraw his earlier claim that individuals will be able to prepare their appeals without formal legal assistance, and reconsider these draconian cuts, which will hit the poorest hardest?

Mr Djanogly: In most cases, individuals will be able to appeal to the first-tier social security and child support tribunal without formal legal assistance. Legal aid is not currently available for legal representation as the appellant is required only to provide reasons for disagreeing with the decision in plain language. For those who need assistance on welfare benefits matters, which I think was the point the hon. Gentleman went on to make, advice and assistance is available from, for example, Jobcentre Plus, the benefits inquiry line and the tribunal itself.

Shoplifting (Repeat Offending)

5. **Miss Anne McIntosh** (Thirsk and Malton) (Con): What his most recent estimate is of the incidence of repeat offending for shoplifting offences; and if he will make a statement. [32681]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): In 2008, the rate of reconviction within one year for adults convicted of offences related to shoplifting was 78.3%. That is an unacceptably high rate and, as set out in the Green Paper on sentencing and rehabilitation, we are committed to punishing and rehabilitating criminals and turning them away from a life of crime.

Miss McIntosh: Does my hon. Friend agree that every crime of theft is a crime against society—big society and small society—and that the fixed penalty notices introduced by the previous Government are simply not working to address the issues? Will the Government focus on rehabilitating those who reoffend, particularly if they have a known substance abuse?

Mr Blunt: My hon. Friend is absolutely right. I congratulate her on her efforts in this area, which led to the police guidance being strengthened in July 2009 to restrict the issuing of penalty notices for retail theft to first-time offenders who are not substance misusers and where the value of goods does not exceed £100. She is right to point out that shoplifting is usually associated with drug addiction, and I draw her attention and that of the rest of the House to our proposals on delivering effective payment-by-results schemes to deal with drug addiction in the community.

Mr David Hanson (Delyn) (Lab): The last year for which figures are available show that 12,500 people are serving a jail sentence of under six months for shoplifting offences. Does the Minister expect his Green Paper to increase or decrease that number next year?

Mr Blunt: I sincerely hope that over the course of the Parliament and by the time we get full implementation of an effective payment-by-results scheme on drug addiction, which will address the principal driver of shoplifting, those numbers will begin to decrease significantly.

Philip Davies (Shipley) (Con): In 2009—the last year for which figures are available—241 people with more than 101 previous convictions and 13 people with more than 200 previous convictions were convicted of shoplifting but were not sent to prison. Does my hon. Friend think that people with that many previous convictions should not be sent to prison? If so, how many crimes should people commit before anyone thinks about sending these creatures to prison?

Mr Blunt: Plainly I do not agree with my hon. Friend's proposition. Prison is there for prolific and serious offenders and, by any judgment, the examples he has given are of prolific offenders. I would need some explanation of why there are such cases, where people simply have not responded to the treatments available, particularly in the new environment where we can deliver effective rehabilitation. If such people fail to address that and pick up the services that are made available, they should expect to go to prison.

Reoffending Rates (Women)

6. **Tristram Hunt** (Stoke-on-Trent Central) (Lab): What recent discussions he has had on research into the effect of imprisonment on reoffending rates among women. [32682]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): The Ministry of Justice recently published research showing that reoffending for women offenders under probation supervision was 6 percentage points lower than for similar women who served short-term prison sentences. We also publish a statistical report on women in the criminal justice system that is informed by an independent advisory group. This group has expressed interest in looking at whether reoffending rates for women vary by sentence length in the same way as it does for men.

Tristram Hunt: I thank the Minister for his answer. He will know from Baroness Corston's 2007 report that much can be achieved to prevent female ex-prisoners from reoffending by proper intervention that addresses drug use, prostitution and domestic violence. Chepstow House in my constituency, which is run by the Brighter Futures housing association, does exactly that—cutting reoffending rates and saving taxpayers' money. Will the Minister agree to visit Chepstow House in the coming year to show his support for a charity that is putting some of the principles behind breaking the cycle into action?

Mr Blunt: I would hope to have the opportunity to do so, but I cannot promise to do so. I have yet to visit a substantial amount of the prison estate and a number of probation trusts, but I would certainly like the opportunity to visit. I suspect what is underlying the hon. Gentleman's question is the funding issue. On funding for centres such as Chepstow House, what I can say at this stage is that we have identified funding to sustain those projects that have demonstrated effective performance and we will make an announcement shortly about what will replace the current funding arrangements.

Rehman Chishti (Gillingham and Rainham) (Con): With regard to imprisonment and reoffending, can the Minister tell the House how the National Offender Management Service is performing and what has happened to the C-NOMIS data system, which was supposed to assist it and cost £161 million prior to 2007?

Mr Blunt: The C-NOMIS information technology system was one of the greater disasters that surrounded the provision of IT under the previous Administration. Rescued out of that has been the P-NOMIS system, which does not deliver quite the co-ordination between probation services and the Prison Service that was intended of C-NOMIS. However, we will continue to work to ensure that we make the proper connections as far and as best we possibly can to ensure that IT properly supports our management of offenders.

Robert Flello (Stoke-on-Trent South) (Lab): My hon. Friend the Member for Stoke-on-Trent Central (Tristram Hunt) spoke about the excellent work done with women offenders by Brighter Futures. I know of the valuable work that is also done by the Saltbox chaplaincy project, which has cut reoffending rates to just 12% even among prolific offenders. However, these fantastic providers, along with many others in the third sector, are at risk of having to cease their effective work because of this Government's ill-thought-through change to the payment-by-results scheme, which is still in consultation. I welcome what the Minister has said, but before third sector organisations with a track record of success on reoffending rates have to end those services up and down the country and make key staff redundant, is he prepared to give much greater reassurance that programmes will not come crashing to an end this coming March, with the loss of all that good work?

Mr Blunt: As I said, we have identified funding to sustain those projects that have demonstrated effective performance, but, as the hon. Gentleman will be well aware, the Department is not in a position to sustain funding on the current level. A total of £10 million was put aside to set these schemes up, whereupon they were then meant to move to local commissioning. There will be continuing support for the schemes from the Ministry

of Justice, but we will be looking to them to win the support of local commissioners. They also have access to the Government's £100 million transition fund, which is precisely designed to bridge that gap, as well as potential access to the big society bank.

Judicial Appointments

7. **Stephen Phillips** (Sleaford and North Hykeham) (Con): What steps he is taking to increase the standard of appointments to the Bench in England and Wales. [32683]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): Judicial appointments are made solely on the basis of merit. On 9 November, I announced the conclusions of an internal review of the judicial appointments process undertaken in close consultation with the Lord Chief Justice. The review did not identify concerns with the quality of appointments to the Bench.

Stephen Phillips: I am grateful to my right hon. and learned Friend for that answer. The judiciary in this country has for a century been the envy of lawyers across the world, but there is a perception, at least, that that has recently begun to change, partly as a result of the creation by the previous Government of the Judicial Appointments Commission—an unnecessary quango that cost an enormous amount of money. Judicial appointments were formerly made by the Lord Chancellor, having consulted the Bench and on the advice of his officials. Does my right hon. and learned Friend agree that that was a much better system and one to which we ought to return?

Mr Clarke: As I said, we have been reviewing the system. I do not think that the Judicial Appointments Commission can be criticised on the basis of the quality of appointments; I have not heard any credible evidence that people think that quality is deteriorating. However, it is costing too much, it is not very efficient, and it takes too long. Its budget is about £10 million—£9.8 million, to be precise—and it can take 18 months from start to finish to appoint a judge. In the light of the review, we will be looking at that and making sure that it operates with efficiency. Obviously, appointment on merit and getting the highest quality of appointments remains the main focus of any judicial appointments system.

Legal Aid (Welfare Advice Services)

9. **Stephen Timms** (East Ham) (Lab): What plans he has for the future funding of welfare advice services currently funded from legal aid. [32685]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): While cost considerations are at the forefront of our review of legal aid, we remain committed to ensuring that legal aid is available to those who need it most in cases where legal aid, legal advice or representation is justified. Accordingly, we propose that specialist legal aid be retained in the highest priority cases of welfare advice, such as those involving debt, housing—for example, where someone's home is at immediate risk, or homelessness or serious disrepair is involved—and community care. The funding of welfare advice services is a cross-Government issue, and it is being considered as such.

Stephen Timms: The Government want voluntary sector welfare advice to replace legal aid, but much of the funding for voluntary sector local advice services comes from legal aid, which is about to be withdrawn. That includes a quarter of the funding for local citizens advice bureaux across the country. I was encouraged by what the Minister said about avoiding a gap. Does he accept that there will have to be new funding from somewhere to replace the funding for advice services that is being withdrawn? In looking, rightly, for cost-effective ways to deliver advice, does he recognise the evidence from the Legal Action Group that those most in need of help are the least likely to use telephone advice services?

Mr Djanogly: The right hon. Gentleman asks a pertinent question. Having spent a lot of time discussing this matter over recent weeks with the not-for-profit sector, I can tell him that very little is known about it in that sector. Even the head offices of voluntary organisations may not know what the funding is for their own local organisations. The core funding for legal help, for instance, typically comes not from the Ministry of Justice, but from the local authority. We have to make up for a decade of people overlooking the need to co-ordinate funding, by seeing what the funding streams are and ensuring that they work in the way that they should. That will involve ensuring that there is no duplication. There is currently a lot of duplication in the system.

Mr Speaker: I appreciate the comprehensiveness of the replies, but greater economy would facilitate progress.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): Does the Minister appreciate that those who practise welfare law have traditionally not been highly paid, and does he realise that swathes of firms are likely to disappear? Who will stand in that breach, because those who are most in need are the least likely to be helped in those circumstances?

Mr Djanogly: We believe that a cultural change is needed. We need to move away from the immediate rush to lawyers and courts, whether through mediation or, if a court alternative is required, a conditional fee arrangement, rather than legal aid. Much more should be made of those alternatives.

Victims of Crime (Support)

10. **Andrew George** (St Ives) (LD): What plans he has to ensure adequate support for victims and their families during the criminal justice process. [32686]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): Victims and their families are supported through a number of schemes, including joint police and Crown Prosecution Service witness care units, the witness service and, in the case of bereaved families, the homicide service. Their rights are enshrined in law under the code of practice for victims of crime. We do, however, continue to seek ways to improve the care offered to victims through the criminal justice process.

Andrew George: I am grateful to the Secretary of State for that answer. There are cases in which victims, including deceased victims, have their reputation defamed

during a case, in particular when mitigation is being advanced. A Victim Support report in December found that as many as 44% of victims or their families were not made aware of their right to make a victim personal statement. What are the Government doing to ensure that victims are given full support and are aware of their rights?

Mr Clarke: I share the hon. Gentleman's feeling on the importance of victim personal statements. In the cases that he describes of victims being defamed in mitigation, it is important that victim personal statements are properly made and responsibly reported. We are doing our best to encourage that and are considering how we can ensure that such statements become a more usual practice.

Steve McCabe (Birmingham, Selly Oak) (Lab): Does the Secretary of State share my concern that the police and the CPS too readily recommend bail for those who are accused of domestic violence and related intimidation, thus disadvantaging the victims and their families right at the start of the process?

Mr Clarke: These are all difficult matters of judgment. Obviously, many important considerations must be borne in mind when deciding whether to recommend or grant bail, including any further risk to the alleged victims of the offences. It is difficult for Ministers or Parliament to lay down hard-and-fast rules when the people involved are fully aware of the need to protect victims from harm while proceedings are pending.

Bradley and Corston Reviews

11. **Karl Turner** (Kingston upon Hull East) (Lab): What plans he has to implement the recommendations of the Bradley and Corston reviews of the criminal justice system. [32687]

15. **Fiona Mactaggart** (Slough) (Lab): What plans he has to implement the recommendations of the Corston report on women with particular vulnerabilities in the criminal justice system; and if he will make a statement. [32691]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): Our plans are set out in our Green Paper on sentencing and rehabilitation, which was published in December, and they include identifying individuals with mental health problems at an early stage in the criminal justice process. The aim is to ensure that liaison and diversion services are available in police custody suites and at courts by 2014. We continue to develop our approach to meet the distinct and complex needs of women in the criminal justice system.

Karl Turner: Given the progress made in implementing the Corston report by the previous Government's ministerial champion for women in prison, can the Minister explain why the Government seemingly still have no plans to appoint a Justice Minister specifically tasked with dealing with women's issues?

Mr Blunt: I am specifically tasked with dealing with offenders, and my responsibilities extend to dealing with all people with proper priority. That is how we will continue.

Fiona Mactaggart: On that note, the Minister told the House on 20 July that

"a network of women-only community provision is being developed to support…community sentences."—[*Official Report*, 20 July 2010; Vol. 514, c. 163.]

Can he tell the House now what that community provision consists of, where it is and how secure is its financial future?

Mr Blunt: I fear that I will not be able to explain the whole network without irritating you, Mr Speaker, but the Ministry of Justice has funded 44 separate projects in conjunction with the Corston independent funders. I have already answered the question about what will happen to the funding after March. We will continue a degree of funding—not on the scale that has happened before, but we are identifying the projects that are working best, which we will wish to continue to support.

Indeterminate Prison Sentences

12. **Mrs Jenny Chapman** (Darlington) (Lab): What assessment he has made of the effects on public protection of releasing those with indeterminate prison sentences who have completed their minimum tariff. [32688]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): Prisoners serving indeterminate sentences who have completed their minimum tariff are released from custody only if the independent Parole Board is satisfied that the risk of harm that they pose to the public is such that it may reasonably be managed in the community.

Mrs Chapman: The Secretary of State will be aware that inmates serving indeterminate public protection sentences will have committed some of the most severe offences. Often, the reason they are not released after their minimum tariff is that they still pose a great risk or have not been able to complete the rehabilitative courses that are available. Will he either spend more money on rehabilitation inside prisons or change the method by which risk is assessed?

Mr Clarke: We addressed this problem in the Green Paper, on which we are consulting. It is quite obvious that the IPP system has never worked as either the previous Government or Parliament intended. Indeed, the previous Government made one attempt to revise it to stop the unexpectedly large numbers of people who were going into the system. IPP prisoners are almost all high-risk, and they should be released only once they have been assessed by the Parole Board, but of course it is extremely difficult to form judgments about the risks that they pose when they are in prison and sometimes unable to access rehabilitation courses. We published our proposals in the Green Paper and are now consulting on them, but we have no intention whatever of putting the public at more risk by releasing people without some assessment by the Parole Board. However, it has to be a sensible assessment that can sensibly be made.

Sadiq Khan (Tooting) (Lab): I welcome the last part of the Secretary of State's answer in particular. He will be aware that indeterminate sentences are given to serious criminals such as the ring leaders in the grooming of vulnerable girls for sex convicted last week at Nottingham

Crown court. He will appreciate concern that, in his desire to reduce the prison population, he may release dangerous convicted prisoners prematurely. He talked about those currently serving IPPs who have served their minimum tariff. How soon does he think his proposals will have an impact on those prisoners, and how will he address the British public's legitimate concerns?

Mr Clarke: At the moment, more than 3,000 people on an IPP sentence have completed their minimum tariff, which is the punishment for the crime for which they are sent to prison, and a very small proportion of those are being released. The numbers are piling up all the time, and recommendations are frequently made to the Department that the matter has to be re-addressed, because we have more than 3,000 people whose release from prison is totally uncertain. We are now consulting and there will be legislation in the spring, which will have to be enacted and improved by the House before a new system comes into effect. That system will retain the need for the Parole Board to make a sensible assessment of whether the risk posed by those in question can properly be managed in the community.

Prisoners (Rehabilitation and Reintegration)

13. **Tom Brake** (Carshalton and Wallington) (LD): What recent research his Department has (a) commissioned and (b) evaluated on rehabilitation and reintegration of prisoners into society. [32689]

The Minister for Policing and Criminal Justice (Nick Herbert): We continue to commission research and evaluation on that important subject. We have just commissioned an evaluation of the Peterborough social impact bond. We have also recently published the evidence report on the Green Paper on sentencing and rehabilitation, in which we reviewed and evaluated a large volume of research.

Tom Brake: Voluntary sector organisations such as Nacro and St Giles Trust play a significant role in delivering services to offenders, and in providing related research and evaluation. As we move towards payment by results and outcome-based commissioning, which is taking precedence in the voluntary sector, what role does the Minister envisage for voluntary sector-related research and evaluation?

Nick Herbert: I agree with my hon. Friend about the importance of the voluntary sector in helping us reduce reoffending. The great advantage of payment by results, which we will pilot for community orders and post-release supervision of offenders, is that the providers make the evaluation and take the risk, and we will pay for what works. That is different from the situation until now, whereby Ministers backed projects without necessarily knowing whether they worked in reducing reoffending.

Paul Goggins (Wythenshawe and Sale East) (Lab): I urge the Minister to take an urgent look at the ongoing evaluation of the Choose Change project at Manchester prison and the intensive alternative to custody pilot, which Manchester probation service is running as part of a national scheme. I visited both yesterday and they seemed very effective and in line with the Minister's objectives, yet they face financial uncertainty. Will he see what he can do?

Nick Herbert: I would be happy to look at those projects. Our aim, assuming that the pilots are successful, is for all such schemes to be paid for by results. If they work, they will receive the funding. In spite of the prison population's reaching record levels and despite funding, reoffending rates have risen. We therefore need to institute a new system, whereby we pay for what works.

Mental Health Care (Offenders)

14. **Helen Jones** (Warrington North) (Lab): What recent discussions he has had with the Secretary of State for Health on the provision of mental health care for offenders. [32690]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): We have worked closely with the Department of Health and the Home Office on providing mental health care for offenders. The sentencing and rehabilitation Green Paper highlighted our commitment to identifying individuals with mental health problems at an early stage of the criminal justice process to ensure that they have access to effective treatment. An across-Government mental health strategy is due to be published early in 2011, which will focus on achieving improved outcomes for all people with mental ill health, including offenders.

Helen Jones: I am grateful to the Secretary of State for that answer, but if more offenders with mental health problems are to be dealt with in the community, exactly what funding will be available to support them? Will the NHS, which is already being subjected to cuts, be left struggling to cope, and offenders left more likely to reoffend?

Mr Clarke: Obviously, my right hon. Friend the Secretary of State for Health is in the lead on the strategy. He is looking at ways in which to redirect his budget to get more effective community and other treatment for mental health problems. Offenders will be taken into account in the course of that, but it is important that we ensure that it is done within the available resources, and that those resources are used to the best positive effect for the community as a whole, not just offenders.

Andrew Percy (Brigg and Goole) (Con): Far too many young offenders have undiagnosed mental health problems. May we have an assurance that the cross-departmental strategy that is being worked on will involve the Department for Education and concentrate specifically on young people who commit crime, often due to mental health problems?

Mr Clarke: With respect, my hon. Friend makes a valid point and we are examining ways in which we can divert more young offenders in particular out of the criminal justice system into mental health treatment when that is most appropriate. It is not unusual to encounter somebody about whom any ordinary member of the public would think, "This person needs treatment, rather than just being viewed as a criminal offender."

Reoffending Rates

16. **Mr Philip Hollobone** (Kettering) (Con): What the reoffending rates were for those sentenced to jail terms of (a) one year, (b) five years and (c) 10 years in the latest period for which figures are available. [32692]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): In 2008, the rate of reconviction within one year for adults discharged from custody after a sentence of less than a year was 61.1%; it was 31.0% for those given sentences of one to five years, 17.5% for offenders given sentences of five to 10 years, and 6.4% for 10 years or more. The Government's Green Paper on rehabilitation and sentencing sets out our proposals to punish and rehabilitate offenders.

Mr Hollobone: Does the Minister agree that the figures suggest that prison actually works, and that the longer prisoners spend in prison the greater the chance of ensuring their effective rehabilitation before being released?

Mr Blunt: That is why we have to address the appalling reoffending rates of those people sentenced to short terms in prison. There were 60,000 of those in the past year, and I am afraid that the option of sending them all to prison for 10 years does not exist, so we have to make a success of rehabilitation. We have to ensure that longer sentences are given to recidivist offenders and that we effectively rehabilitate people and break the cycle of crime through the proposals that we have presented in the Green Paper to drive that number down.

Topical Questions

T1. [32702] **John Mann** (Bassetlaw) (Lab): If he will make a statement on his departmental responsibilities.

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): To begin with a topical statement, I must tell the House that approximately 40 prisoners were involved in a serious disturbance at Ford prison between 31 December 2010 and 1 January 2011, which resulted in parts of the establishment being set on fire. Staff withdrew from the prison's B wing for their own safety and specially trained prison staff were deployed to regain control of the prison and assist the fire service in its efforts to extinguish the fires.

Last night, there was disorder at Littlehey prison which, I am glad to say, was brought under control quite quickly. To the credit of those staff involved, no staff or prisoners sustained serious injury.

The Prison Service manages some of the most dangerous people in society and we normally have 30 such incidents every year. I pay tribute to the prison staff and the fire service for the skill with which they handle these matters on behalf of us all.

John Mann: In a statement to the House, the Under-Secretary of State for Justice, the hon. Member for Huntingdon (Mr Djanogly) said that Worksop county court would be transferring to Worksop magistrates court, and he confirmed that in answer to my question. In fact, the opposite has happened. Is he the kind of Minister who is in control of his Department and is his word his authority when he speaks to this House, or is he the monkey to his civil servants' organ grinder?

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): The hon. Gentleman speaks with his usual charm. He raised this issue on a point of order yesterday and I was going to write to him today, so I am delighted to have this opportunity to address it on the Floor of the House. I am, of course, sorry for any misunderstanding or inaccuracy regarding county court services in Worksop. That no doubt stems from the fact that the announced closure of Worksop county court and the announced retention of Worksop magistrates court leads to a slightly more complex set of arrangements at the Worksop courthouse than is typical and I am pleased to be able to clarify the matter.

On the closure of Worksop county court, the counter services will cease to be available, but county court hearings will be retained at the Worksop courthouse. However, the administrative work for Worksop county court is already dealt with at Mansfield county court and, as now, court users will continue to be able to contact Mansfield county court by a variety of methods.

Mr Speaker: I gently remind Ministers on the Treasury Bench that answers to topical questions are supposed to be brief.

T2. [32703] **Dr Julian Huppert** (Cambridge) (LD): Does the Secretary of State share my concern that releasing prisoners with £46 in their pocket, nowhere to stay and a delay of one to six weeks before they can get jobseeker's allowance makes it more likely that they will reoffend? Will he seek to reach an arrangement with the Department for Work and Pensions so that benefits can start promptly on release?

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): My hon. Friend alights on a significant problem. I am in discussions with the Department for Work and Pensions and I hope that we will be able to bring forward proposals that will address that issue.

Helen Goodman (Bishop Auckland) (Lab): In view of the serious riot at Ford open prison, does the Minister wish to revise the statement issued by the Ministry of Justice when announcing its public spending cuts—including a reduction of 10,000 in the number of front-line staff—which said that by taking such "tough decisions" it will be able to

"punish and rehabilitate offenders more effectivey"?

Mr Clarke: The National Offender Management Service is undertaking a full investigation into what happened at Ford. Obviously, the behaviour there was deplorable and we must learn every lesson we can about what happened and how we can minimise the risk in future. So far as I am aware, the prison was staffed at its normal level and we had made no changes since we took office to the arrangements under the previous Government. We should not start leaping to conclusions about whether anything was at the heart of these events other than the appallingly bad behaviour of people who had been acquiring alcohol in the run-up to new year's eve. We are looking carefully at all the circumstances and will draw the proper lessons from that.

Helen Goodman: Of course it is important to wait until the inquiry, but does the Secretary of State honestly think that Ford would be adequately managed if the number of staff on duty were reduced to four or five to supervise 500 people each night?

Mr Clarke: That is a totally hypothetical question, given that the prison had the level of staffing instituted by the previous Government to which we have made no change. It is owing to the deplorable record of the previous Government that we are having to ensure better value for money from a reduced departmental budget. It has all exploded in the past few years and now has to be looked at more carefully. However, it is complete nonsense to work out from that that we are going to reduce a particular level of staffing on the night shift at a particular prison. We are approaching the whole thing slightly more sensibly and scientifically.

T3. [32704] **Laura Sandys** (South Thanet) (Con): Will the Minister confirm whether the Department is still contracting with Clearsprings to provide accommodation for ex-offenders? The policy undertaken by the previous Government attracted a lot of ex-offenders to my constituency because of our low rental costs, and actually caused an increase in our deprivation issues and social problems.

Mr Blunt: The contract with Clearsprings to provide private rented accommodation to defendants on bail and prisoners released on home detention curfews who are otherwise without an address expired on 17 June 2010. A new three-year contract to provide a similar service was competitively tendered and awarded to Stonham, a registered housing charity. That contract commenced on 18 June 2010. Stonham does not manage any properties under that contract in my hon. Friend's constituency.

Mr Stephen Hepburn (Jarrow) (Lab): Will the Minister clarify whether the homicide victims fund is still in operation, and if so, what size is the pot and when will Ministers be giving charitable organisations the green light to put in a bid?

Mr Blunt: The homicide victims fund is still in operation. I will write to the hon. Gentleman with the precise number and the details of how it will be funded next year.

T4. [32705] **Dr Daniel Poulter** (Central Suffolk and North Ipswich) (Con): The plight and vulnerability of many of the UK's sex workers and prostitutes was highlighted for the people of Suffolk by the tragic events surrounding the Ipswich prostitute murders. Does the Secretary of State agree that it is vital that we have in place a proper strategy to help the rehabilitation of sex workers when they are released from prison, particularly to break the cycles of abuse and drug and alcohol dependency, and to support those people with mental health problems? Will he also visit my—

Mr Speaker: Order. I am extremely grateful to the hon. Gentleman, but his first question was perfectly good enough. One will do.

Mr Blunt: My hon. Friend is right. These are extremely important issues, and the successfully piloted sex workers custody and community training course will be rolled out across the women's prison estate with the aim of enabling staff to support the resettlement needs of women engaged in street-based sex work. Working in partnership with sex workers to support projects, it aims to assist women by breaking down barriers that may prevent them from accessing support.

Simon Danczuk (Rochdale) (Lab): Following the Minister's decision to close Rochdale magistrates court, will he meet me and my hon. Friend the Member for Heywood and Middleton (Jim Dobbin) to discuss the matter further?

Mr Djanogly: I will be happy to meet the hon. Gentlemen.

T5. [32706] **Simon Hughes** (Bermondsey and Old Southwark) (LD): Will Ministers take the opportunity to look at the latest report by Citizens Advice on civil recovery and consider how we can stop the use and abuse of civil recovery against shoplifters by many retailers up and down the land?

Mr Blunt: I am grateful to my right hon. Friend for that suggestion, and we will examine the issue.

Mr David Winnick (Walsall North) (Lab): In view of the case involving six defendants that was dropped yesterday, is the Secretary of State aware that there is a lot of disquiet about the crossing of the line from a police constable going undercover for seven years and his inciting illegal action? Would it not be appropriate for a senior Minister, be it him or the Home Secretary, to make a statement to the House? As I have said, there is a good deal of concern and disquiet about what has occurred.

The Minister for Policing and Criminal Justice (Nick Herbert): These are, of course, operational matters for the police. I understand that there is to be an investigation into what appears to have been a lack of proper supervision of the officer concerned, but undercover operations are immensely important across a range of criminal activities, in keeping the public safe.

T6. [32707] **Andrew Bridgen** (North West Leicestershire) (Con): With the Government's announcement of the Green Paper, and their intention to cut prison numbers and strengthen community sentences, will the Minister outline to the House his plans for the role of the probation service and probation trusts, given that those two organisations are likely to have a vastly increased work load as a result of the policy?

Mr Clarke: First, let me emphasise that the Green Paper does not set out an intention to cut prison numbers and to substitute with community sentences and so on. We have given our best estimate of what we think the consequences of the Green Paper will be. However, the number of people who will go to prison will depend on the courts and their decisions. We expect that the number may be reduced by about 3,000 over the next few years. We are looking in particular at community payback, and at how we can introduce more competition in that—which the previous Government were contemplating—and diversify the way in which it is provided. We need to make community sentences more effective, but the key thing about them, as with everything else, is that they must be appropriate punishments for the crimes that the people concerned have committed.

Mr Speaker: I have been listening keenly to the Secretary of State's every word for the best part of two decades, but I want the whole House to hear him, so may I just remind him that he must face the House?

Mrs Anne McGuire (Stirling) (Lab): In December I discovered that constituents who were appealing against their benefit decisions at the tribunal service, for which the Ministry is responsible, were having to wait for appointments or tribunal dates for between six and nine months. Given that those individuals will suffer a financial penalty in that time and that a significant number will win their appeals, does the Minister think that that is acceptable? What will he do to remedy it?

Mr Djanogly: The timetable was worsening, but more resources have been put in and we hope that the situation will improve.

T7. [32709] **Caroline Dinenage** (Gosport) (Con): Can the Minister please tell me what steps his Department is taking to tackle the levels of drugs that are available in our prisons and the levels of drug addiction among prisoners?

Mr Blunt: We announced proposals in the Green Paper on drug-free wings and drug-recovery wings, which will work in conjunction with the wider application of the payment-by-results scheme in the community. That sits alongside all the efforts to police prisons effectively and to keep drugs out of prisons, through the effective use of all the resources available to the Prison Service and the police.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Tomorrow I will be meeting representatives from my local citizens advice bureaux, Merseyside Employment Law and Merseyside Welfare Rights, who are part of the Justice for All lobby of Parliament. They will be raising their deep concerns about the severe impact that the cuts to legal aid will have on people in my constituency who are disabled, have low incomes or are unemployed. Will any of the Ministers here today be meeting anyone from the Justice for All lobby tomorrow?

Mr Djanogly: I have not received a request for such a meeting, although I would be very happy to attend if a request came in. However, as I said before, the point is that we have to cut legal aid; indeed, the hon. Lady's party has recognised that we need to cut the amount of legal aid paid. It is important that we redirect the scarce resources that remain to the most vulnerable, and that is what we will be doing.

Duncan Hames (Chippenham) (LD): Given his remarks about legal aid and citizens advice bureaux, does the Minister look to local authorities as core funders, or to other Departments to increase such funding?

Mr Djanogly: We need to distinguish between legal aid and general advice. A citizens advice bureau may provide legal aid services, but half do not do so. However, all will provide core advisory services, which are normally funded by local authorities.

Mike Gapes (Ilford South) (Lab/Co-op): I received a reply from the Ministry of Justice saying that the Data Protection Act 1998

"does not cover the…retention and storage"

of the records of deceased persons. That means that hospitals have incentives to lose, mislay or hide records in cases where there is some suspicion about what happened. Can the Minister read my early-day motion 1220 and have urgent discussions with the Department of Health to see whether we can review legislation in this area?

Mr Djanogly: That is a matter where co-ordination with the Department of Health will be required, and I should be very happy to do that work if the hon. Gentleman would like to write to me on the matter.

Mr Richard Bacon (South Norfolk) (Con): Does the Secretary of State agree, that, according to the "polluter pays" principle, the best punishment for the people who caused the fire at Ford open prison would be to require them to take part in repairing the damage?

Mr Blunt: I am not entirely sure how welcome the return to Ford of those prisoners will be to the inmates who remain there and who have just seen their community facilities entirely destroyed. On a wider point, we want to move towards establishing proper recompense for victims, although I do not think that we will be recompensing prisoners in that institution. Restorative justice will now be a principle that we shall adopt extremely strongly.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): As part of the consultation for the Green Paper, the Justice Secretary has just announced public meetings in Leeds, London, Nottingham, Bristol and Manchester. Birmingham has the largest legal community outside London, and the west midlands is the largest conurbation, so I am just wondering what he has against Birmingham.

Mr Blunt: I have absolutely nothing against Birmingham, and I will take that as a bid for a public meeting there. I will write to the hon. Lady to see whether we can effect one.

Mr Robert Buckland (South Swindon) (Con): Before any decision is made to withdraw legal aid for families dealing with special educational needs tribunals, will my right hon. and hon. Friends work with the Department for Education, particularly in the light of its proposed Green Paper on the reform of SEN procedure, to ensure that the families of children with SEN get all the help and support that they deserve?

Mr Djanogly: We have been co-ordinating with the Department for Education on this matter, and the joint views will be going into the Green Paper.

Bank Bonuses

3.31 pm

Alan Johnson (Kingston upon Hull West and Hessle) (Lab) *(Urgent Question)*: To ask the Chancellor of the Exchequer to make a statement on bankers' bonuses.

The Chancellor of the Exchequer (Mr George Osborne): We inherited from the previous Government a failed system of banking regulation and a situation where billions of pounds had been provided to bail out bankers with nothing demanded in return. It was a something-for-nothing deal that rightly left the British people seething with anger, and the British people and this Government will not accept extravagant bonuses this year without a change in behaviour. So this is what we are doing.

First, we are replacing the disastrous tripartite system for regulating banks that was established in 1997. Instead, our plan is to put the Bank of England clearly in charge. Secondly, we have created the Independent Commission on Banking to review the structure of the banking sector and address the issue of banks that are too big to fail. The previous Government's failure to address that issue brought this country's economy to its knees. The commission will report this autumn. Thirdly, we have introduced a permanent levy on the banks, in the face of opposition from the previous Government. This new banking tax started coming into effect last week and, once fully operational, will raise £2.5 billion each and every year, or £8.8 billion over this Parliament. We are also looking at the International Monetary Fund's proposed financial activities tax, and we will work with international partners to secure agreement. Fourthly, we have demanded that the banks sign up to the code of practice on taxation—[Hon. Members: "Ooh!"] Well, the previous Government created the code, but we discovered that only four of the 15 major banks had signed up to it when we came into office. All 15 have now signed up to the code of practice. We are also legislating in this year's Finance Bill for tough anti-avoidance measures directed at some of the practices in the financial sector that no one had previously attempted to stop.

Specifically on remuneration and bonuses, on 1 January this year we introduced the most stringent code of practice of any financial centre in the world. For the first time, there will be a strict limit on the amount of bonus payable in up-front cash. Also for the first time, there will be a requirement that 50% of bonuses be paid in shares or other non-cash instruments, which bank employees will not be allowed to sell on for an appropriate period. Guaranteed bonuses will become the exception and not the rule, as was the case under the previous Government, and crucially, the new bonus code has been significantly extended. It will cover payments and bonuses at 2,500 firms, whereas the code that we inherited covered pay and bonuses at only 25 individual financial firms.

When it comes to the Royal Bank of Scotland, I am having to deal with the thoroughly inadequate contract negotiated by the previous Cabinet; the House might not be aware that it puts no constraints on RBS bonuses for this year. Indeed, the contract signed by the previous Government explicitly encourages RBS to pay bonuses at market rates. Despite this, we have made it clear to RBS that we will have a smaller bonus pool than last year and that it should be a back-marker in the industry, instead of the front-runner it once was.

In the coming weeks, all the banks will be announcing their pay and bonuses for this year. I confirm that we are in discussions with the banks to see if we can reach a new settlement, where the banks pay smaller bonuses than they would otherwise have done; are more transparent about those they do pay; make a greater contribution to local communities and regional economies; treat customers more fairly; and, above all, lend materially and verifiably more than they were planning to lend to the businesses of Britain, especially the small businesses, so that they can grow and create jobs this year.

This is what a new settlement with the banks should look like: they should lend to the British economy; contribute to the British Exchequer; provide jobs for British people; be responsible on pay and bonuses; and make sure that Britain is a world centre of a properly regulated and internationally competitive financial services industry. If the banks cannot commit to that, I have made it clear to them that nothing is off the table. I will keep Parliament informed of our discussions—and if the Opposition who created this banking mess have a better idea, let us hear it.

Alan Johnson: We are here to hold the Government to account. I have with me the coalition agreement, and I believe that I can still sense the scent of the rose garden upon it. This is what it says in paragraph 1:

> "We will bring forward detailed proposals for robust action to tackle unacceptable bonuses in the financial services sector".

Where are those detailed proposals? When will we see them? Here is what the Chancellor said in his spending review statement in October:

> "Fairness also means that, across the entire deficit reduction plan, those with the broadest shoulders will bear the greatest burden: those with the most should pay the most, and that includes our banks... Today we set out very clearly, for all to take note of, our objective in taxing the banking industry going forward... Our aim will be to extract the maximum sustainable tax revenues from financial services."—[*Official Report*, 20 October 2010; Vol. 516, c. 951-956.]

But he has given the banks a tax cut from £3.5 billion to £1.2 billion and they will benefit more than any other sector from the cut in corporation tax. Cuts affecting children will contribute well over £5 billion and students will contribute £2.9 billion. Does the Chancellor think that children and students have the broadest shoulders? The man who said in opposition that no bonus should be higher than £2,000 will not even implement legislation forcing transparency about those receiving more than £1 million.

Where is the Deputy Prime Minister who, when not signing student pledges not to increase tuition fees or unveiling posters about VAT bombshells, was saying:

> "Doesn't it make you angry that the banks have been allowed to ride roughshod over our economy, and are still handing out bonuses by the bucket load?"?

So in just seven months, the coalition goes from the scent of the rose garden to the stench of broken promises. The Chancellor who said, "We're all in this together" bows to the rich and powerful while bearing down on everyone else. His sneering arrogance will not get him out of this one.

Mr Osborne: I do not know how much longer we are going to have to wait for a serious economic proposal from the shadow Chancellor. I suspect that time is running out for him. Let me repeat that we have introduced a code of practice that extends to 2,500 firms. There were 25 firms covered by the code of practice presided over by the right hon. Gentleman when he was in the Cabinet. We have introduced a permanent bank tax, which he and the Cabinet stood against during the general election.

The shadow Chancellor says that he wants a properly regulated banking system. However, he has opposed our proposals to regulate the banking system, we still do not know whether he supports the proposal to give the Bank of England a serious role, and—let us be clear about this—he has absolutely no idea about how to increase lending in the British economy, which he did nothing to achieve when he was in the Cabinet. Part of the pattern of an Opposition who have no serious plans to clear up the mess that they created is their habit of jumping on every passing bandwagon.

People will look at the shadow Chancellor and say that, although it is difficult to think of a way in which he could reduce his economic credibility further after the week that he has had, he has done just that today.

Mr Andrew Tyrie (Chichester) (Con): First, what steps are the Government taking to ensure that an international agreement is reached on the need for more transparency in regard to bonuses and remuneration? Secondly, does the Chancellor believe that shareholders should be much more actively engaged in restraining pay and remuneration, given the evidence that we heard from the chief executive of Barclays this morning that no conversations on the subject had taken place between Barclays and its shareholders?

Mr Osborne: I certainly want to see much more international action on transparency, and I have held discussions with all the European Finance Ministers about how that can happen. We also want the Basel III arrangements to be implemented by all the G20 countries, and to be translated properly into European law.

I strongly agree with the my hon. Friend's sentiments about shareholders. We want them to be more involved in pay and remuneration, and we want to find a way of improving corporate governance in that regard. That is one of the issues that we are discussing with the banks, and I know that the Department for Business, Innovation and Skills is considering it as well.

Several hon. Members *rose*—

Mr Speaker: Order. There is, understandably, enormous interest in this subject, but I remind the House that what is being discussed is an urgent question rather than a full-length statement. If I am to accommodate a reasonable number of Members, brevity from Back Benches and Front Benches alike is vital.

Hazel Blears (Salford and Eccles) (Lab): Voluntary organisations and community groups face cuts of at least £3 billion this year. If we are really all in this together, would it not be better for the banks to use their profits to support those community groups, rather than paying themselves up to £7 billion in massive personal bonuses?

Mr Osborne: Bonuses amounted to £11.5 billion when the right hon. Lady was in the Cabinet, although that has not been recognised by any Labour Member who will stand up and ask a question today. What we are trying to do is persuade banks to make a greater contribution to communities, business and the regional economy, which we want to be supported.

Lorely Burt (Solihull) (LD): On 1 September last year, the last Chancellor said that the bankers' bonus tax had failed to change the City's attitude to pay. He said that the tax was likely to be a one-off, and would not be reinstated by the coalition because it had failed to change bankers' behaviour. Does my right hon. Friend agree with that?

Mr Osborne: The last Chancellor of the Exchequer has directly addressed the question of whether the bonus tax in the form in which he introduced it last year could be repeated this year. He thinks that it could not, because behaviour has changed. Indeed, we have seen base pay rise in response to the bonus tax. However, as I made clear in my statement, we are seeking a new settlement with the banks, and nothing is off the table if they cannot agree to that.

Mr Michael Meacher (Oldham West and Royton) (Lab): Why is the right hon. Gentleman not extending the existing tax on bankers' bonuses, which has yielded £3.5 billion in the past year? Does that not prove that this is a Government of the rich, by the rich and for the rich, and does the right hon. Gentleman not realise that this rancid stink about bankers' bonuses simply will not go away?

Mr Osborne: The right hon. Gentleman may not know it, or perhaps he did not really believe it, but he fought the last election on a manifesto—written, incidentally, by the Leader of the Opposition—that committed the then Government to opposing a unilateral levy. We have introduced such a levy, and it will raise almost £10 billion in the current Parliament. We are extracting from the banks revenue that the last Government did not extract. Indeed, they opposed the method that we have introduced.

Mrs Anne Main (St Albans) (Con): In the future, will my right hon. Friend come to the House and let us know the extent to which the banks have complied with the requirement to lend more to businesses in my constituency? There was little sympathy for them under the last Government, when big bonuses were provided and they received little help from the bankers who received those bonuses.

Mr Osborne: An absolute central part of any settlement we might reach with the banks will be a material and verifiable increase in the amount of lending to British businesses, especially medium and small businesses. *[Interruption.]* Labour Members mutter, but they secured absolutely nothing for British business when they bailed out the banks. They had the money in their hands to give to the banks, and they secured absolutely nothing in return.

Rachel Reeves (Leeds West) (Lab): A quick glance at today's newspaper financial pages shows that the share price of RBS is 40p today compared with 52p this time last year, while that of Lloyds was 66p today compared

with 64p a year ago. My constituents in Leeds West would not expect bonuses for such performance, so why should taxpayers' money be used for the bonuses of our nationalised banks?

Mr Osborne: The deal that the previous Government signed with RBS as a condition of being part of the asset protection scheme stated that it should not pay bonuses in 2009, but that for the bonuses awarded in 2010—the period we are talking about now—it should pay the market rate. That was the deal that Labour signed up to. I am trying to reduce the RBS bonus pool, and I have made it very clear—as has the Prime Minister—that it should be a back-marker, not a market leader.

Mr Edward Leigh (Gainsborough) (Con): Is not the problem with the leading bankers that they are often arsonists and firemen rolled into one? The trouble with the previous Government is that they left the arsonists in charge of the haystack. They bailed them out, but they did not protect the depositors adequately, and now they want to shoot the firemen. What is that going to achieve?

Mr Osborne: Well, I think we still have the haystack at the end of all that. My hon. Friend makes an important point, however. Of course I understand and share the feeling of anger that if we do not get a change of behaviour, these bonuses could be paid, and that is what we are addressing. However, this House will have an equally important—indeed, possibly even more important—issue to deal with later this year: the report from the Independent Commission on Banking, which we have established, again in the face of Labour opposition, to look at the whole issue of "too big to fail". That is what my hon. Friend was talking about. The commission will look at how we can ensure that the British taxpayer does not stand behind the banks, but that the banks can be allowed to fail in an orderly way without bringing down the British economy.

Mr Andrew Love (Edmonton) (Lab/Co-op): In August 2009, the right hon. Gentleman said that it was "totally unacceptable" for bonuses to be paid while the Government were guaranteeing the banking system, and added, "It must stop." Why has it not stopped?

Mr Osborne: Because I am clearing up the mess left to me by the hon. Gentleman's party. This Government have done more in the last seven months to create a safer, more properly regulated banking system than Labour did in 13 years. As of the beginning of this year, we have a new code of practice that applies to 2,500 firms, compared with the 25 firms that were regulated under the previous Government, and, as I have said, we are seeking this new settlement with the banks that will, I hope, lead to a material increase in the amount of money that they lend to the British economy, and a material decrease in the amount they would otherwise have paid in bonuses.

Nadhim Zahawi (Stratford-on-Avon) (Con): Is the Chancellor aware that Sir Fred Goodwin took home £15 million under the previous Government?

Mr Osborne: The clue is in the question: his title is "Sir"—and he was given that knighthood by the previous Prime Minister.

Stewart Hosie (Dundee East) (SNP): In the real world, jobs are being lost, wages squeezed, and taxes are rising, while businesses cannot get the credit they need and home buyers cannot get the mortgages they want. Does the Chancellor not recognise that that austere backdrop makes the very idea of a £7 billion bonus-pot toxic in the real world? Does he not regret washing his hands of this last night, and, effectively, giving the green light to a return to the bad old days of big bonuses?

Mr Osborne: It is precisely the real-world situation—where businesses need more lending, communities need support and we need more investment in our regional economies—that I am seeking to address. As the hon. Gentleman well knows, as a Member from Scotland, we need a successful, properly regulated financial services sector that employs tens of thousands of people in Scotland and, indeed, hundreds of thousands of people across the United Kingdom. That is what we are seeking to agree with the banking system. The fantasy world is the one that the Labour party occupies, where it bears no responsibility for the mess in which it has left this country.

Jo Swinson (East Dunbartonshire) (LD): The Chancellor must understand the level of public anger about huge bank bonuses and recognise that obscene rewards for short-term gain without regard to the long-term consequences were part of the problem that led to the banking collapse in the first place. Surely it is to avoid a repeat of that that bank bonuses should be restrained and, importantly, weighted towards sustainable long-term performance, rather than short-term speculation.

Mr Osborne: I agree with all of that. We want to see bonus restraint; we want to see bonuses lower this year—*[Interruption.]* Lower this year than they were under the Labour Government. That is one objective. Secondly, we want to see bonuses deferred. Thirdly, we want to make sure that they do not reward risk-taking that goes badly wrong—that is why we want the ability to claw back. We also want to get away from the system—again, this thrived under the previous Government—of guaranteed bonuses, which people got regardless of what happened to their financial institution. That is precisely what the code of practice addresses, it is precisely why we are looking at greater transparency and greater shareholder involvement, and it is precisely why I want this new settlement with the banks.

Mr Dennis Skinner (Bolsover) (Lab): Is not the truth of the matter that this Government want the students, the homeless and the disabled to pay for this deficit, while their banking friends—the Tories' banking friends—will get off scot-free, despite causing the problem in the first place? It is a bucket load of hypocrisy.

Mr Osborne: Again, the hon. Gentleman has amnesia. He seems to forget that for 13 years he supported a Government who allowed this problem to develop. Indeed, as far as I can tell, half the people who were in that Cabinet have gone on to work in the City.

Margot James (Stourbridge) (Con): I congratulate the Chancellor on his Department's excellent record on tackling banking excess, which contrasts so favourably with the lamentable record of the Labour party when it

[Margot James]

was in government. Bonuses are only part of the mix of compensation, so could he update the House on the progress that the Independent Commission on Banking has made on tackling remuneration?

Mr Osborne: The Independent Commission on Banking is examining the structure of the banking industry and is specifically examining the "too big to fail" issue. It is examining competition in the banking industry, because in recent years we have seen an enormous consolidation of the industry. On taxation, I should of course have mentioned that banks pay income tax on the bonuses and employers' national insurance at 12.8%.

Mr George Howarth (Knowsley) (Lab): The Chancellor said in his statement that he expects the banks to make a greater contribution to local economies and local communities. Can he tell the House how much he expects them to set aside for that purpose and how he proposes that they should distribute it?

Mr Osborne: One of the issues that we are talking directly to the banks about is lending into regional economies outside London and the south-east—that is in addition to the contribution that they make to the whole national economy. That regional emphasis is a very specific part of the discussions we are having.

Charlie Elphicke (Dover) (Con): The Chancellor has already told the House that under the banking contract, bonuses were actively encouraged by the previous Government for the current year. Can he tell the House whether lending to cash-strapped small businesses was also encouraged under that contract?

Mr Osborne: Nothing meaningful was secured on lending to small businesses by the previous Government at the very moment when they had maximum leverage: when they were bailing out these banks. That is part of what we are dealing with. We are also dealing with the situation in which they bought their very large stake in the Royal Bank of Scotland—as I have said, the deal explicitly says that the bonuses covering the year 2010 should be paid at market rates. I am saying that we want to see the bonus pool smaller and the Royal Bank of Scotland as a back-marker, rather than a front-runner.

Barry Gardiner (Brent North) (Lab): Was it coincidence or careful Treasury planning that ensured that the amount projected in this year's bonuses was the same as the £7 billion that the Government have taken in cuts? Does the Chancellor understand why people in this country make an equation between those two and are so very angry about it?

Mr Osborne: Of course I understand the British people's anger at the economic mess that the banking community and the previous Government helped to create, but they also support those with a serious economic plan to put right those mistakes. At the moment, they are not hearing a serious economic plan from the Labour party.

Dr Julian Huppert (Cambridge) (LD): What progress has the Chancellor made in discussions about implementing a Tobin or Robin Hood tax either with other countries or alone?

Mr Osborne: The financial transaction tax is something that the international community is looking at and it is on the agenda for the G20 discussions. Almost everyone who looks at the idea accepts that it would have to be done internationally or else business would probably disappear overnight. It is on the international agenda and we are engaging in that discussion.

Tony Lloyd (Manchester Central) (Lab): The Chancellor should realise that the public will be angry at a Government who do not take action against the bankers who caused the financial crisis and have got back to bonuses as usual. Can he, for the record and in a moment of transparency, tell the House whether there is any disagreement in the Cabinet about the Government's policy?

Mr Osborne: The Cabinet is completely agreed. *[Interruption.]* I know that the Labour party finds the idea of a united Cabinet difficult, but there is a united Cabinet that wants to see the banks lending more than they did under the previous Government and paying less in bonuses than they did under the previous Government, with more transparency, more shareholder involvement and more contributions to the community. That is what we seek to negotiate and I am doing that with the Business Secretary on behalf of the Cabinet.

Harriett Baldwin (West Worcestershire) (Con): Last year, there was a one-off tax on bank bonuses. Can the Chancellor confirm that this year the higher bonuses will attract the 50% income tax and 12.8% employers' national insurance rates?

Mr Osborne: Of course it is right that they attract both income tax and employers' national insurance contributions. I know there is an issue with the economic credibility of the Labour party at the moment but it is worth reading what the previous Chancellor, the right hon. Member for Edinburgh South West (Mr Darling), said when he explicitly and directly addressed the question of whether the tax he introduced a year ago could be reintroduced in exactly the same form. He said that it would be difficult to do and that it would have to be a one-off because people would find all sorts of imaginative ways of avoiding it in future. We have to deal with that reality, but as I have made very clear, we seek a new settlement with the banks and if we do not agree a new settlement—if they are not able to meet our requirements—then nothing is off the table.

Mr David Lammy (Tottenham) (Lab): Unemployment in Tottenham is now the highest in London, benefits have been cut and students are being asked to bear the burden. Will the Chancellor take the opportunity to condemn the statement of Bob Diamond this morning that bankers should stop apologising for the economic crisis?

Mr Osborne: The apology should start with the previous Labour Government. Unemployment is high in the right hon. Gentleman's constituency because it rose

under the previous Labour Government and we are having to deal with welfare costs because they soared under the previous Labour Government. When it comes to student fees, I believe that he was the Minister responsible for higher education who commissioned Lord Browne to do his report. Frankly, opportunism and the Labour party go hand in hand these days.

Penny Mordaunt (Portsmouth North) (Con): When my constituents complain about bankers' bonuses, it is usually in the same breath as highlighting poor banking practices such as overcharging as well as issues with their ability to get credit for their business. What assurances can the Chancellor give that those poor practices will stop?

Mr Osborne: It is explicitly those sorts of practices that are part of the discussions we are having with the banks. We want to ensure that they treat customers, including small businesses and households, more fairly, to look at the overcharging issue and to make sure that families and business are given good advance warning of the need to renegotiate terms. That is all part of what we seek to renegotiate. As I have said, we have heard absolutely no positive proposals from anyone in opposition. That says a great deal.

Mr Chuka Umunna (Streatham) (Lab): The Chancellor has given the impression that the new bonus restrictions have been implemented at his instigation, whereas, of course, they have been introduced to ensure compliance with EU rules, particularly those of the capital requirements directive and the Committee of European Banking Supervisors. The directive was opposed by Conservative MEPs. As for disclosure, Stephen Hester has indicated that the industry is quite relaxed about the implementation of a unilateral disclosure scheme. In the light of his comments, will the Chancellor reconsider the implementation of such a scheme, so we can at least know what is paid in the sector?

Mr Osborne: As I said, we are looking for greater disclosure. We are also seeking agreement at European level, because this is an international industry. These are perfectly sensible steps to take, and we have introduced in this country the toughest financial code on bonuses of any financial centre of any size anywhere in the world.

Sajid Javid (Bromsgrove) (Con): The UK financial industry will pay £54 billion in taxes this year—more than any other industry—and its 1 million employees will pay a further £25 billion in income tax. Does the Chancellor agree that those tax revenues will help to pay for our schools and hospitals, and to cut the record budget deficit left by the Labour party?

Mr Osborne: It is, of course, important—I said this in my statement—that we have a successful but properly regulated financial services industry, which employs hundreds of thousands of people, including thousands of people in many constituencies represented in the Chamber. It used to be the case—although perhaps it is not the case any more—that senior Labour politicians would at least acknowledge that. That is why I would much rather reach a settlement with the banks, and that is what we are seeking to do. We want a successful industry that pays a proper contribution to the Exchequer and lends more to British business, and that is my objective.

Ian Murray (Edinburgh South) (Lab): Does the Chancellor of the Exchequer think it fair that pensioners and hard-working families in my constituency are paying 2.5% more in VAT as a result of his Government's broken promise on VAT, while the bankers get away scot-free?

Mr Osborne: We have introduced a permanent bank levy. An argument was made at the general election by Labour Treasury Ministers and the Labour Prime Minister that we should not introduce a levy unilaterally, as it would make Britain uncompetitive. That argument was aired then, and we have now introduced a permanent bank levy. I do not know whether the Labour party supports it or not, but it will raise almost £10 million during this Parliament, and it applies each and every year, rather than being a one-off.

Matthew Hancock (West Suffolk) (Con): Has the Chancellor noted that in *The Guardian* this morning, when given the opportunity to support the idea of continuing the bank payroll tax, the right hon. Member for Edinburgh South West (Mr Darling), whom I cannot see in the Chamber, refused to back the opportunistic policy of the Leader of the Opposition?

Mr Osborne: The former Chancellor has clearly made his views known, and I would suggest that he has more credibility on the subject than the shadow Chancellor.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): While the Chancellor acquiesces to the bankers' demands, his Government propose to cut the sick pay of workers who are genuinely off sick. May I therefore ask the Chancellor: where is the fairness in that?

Mr Osborne: Where is the fairness in a record budget deficit? That is what we have to address. We are taking difficult measures; I know that every single one is opposed by the Opposition, who created that deficit, but that says more about them than it does about our plan.

Justin Tomlinson (North Swindon) (Con): What percentage of bankers based in the City of London are British citizens, and therefore taxed at the higher rate on their bonuses?

Mr Osborne: Two hundred and fifty thousand people or thereabouts are eligible for the 50p rate, which came into effect in April. As I have said, other taxes, too—such as employers' national insurance—are levied on bonuses, and in the Finance Bill, which we have published in draft, we have taken specific measures, on which we will seek to legislate later this year, to deal with some of the avoidance practices in the financial sector that were allowed to proliferate under the previous Government.

Phil Wilson (Sedgefield) (Lab): In October 2009 the Chancellor said that high street banks should be banned from paying bonuses above about £2,000 in cash. Is that his policy today as well?

Mr Osborne: I have made it very clear that I want to see bonuses lower this year than they were in the last year of the Labour Government. That is the objective. The Labour party either supports that or it does not, but that is what we are seeking to achieve with the banks.

David Rutley (Macclesfield) (Con): I share and understand the concerns that people have about the sheer scale of bankers' bonuses, but it is also vital to look at how bankers are measured. When the Governor of the Bank of England came to the Treasury Committee in November, he said that he felt it was better to reward bankers according to return on assets rather than return on equity. I wonder whether the Chancellor believes that that view merits further consideration.

Mr Osborne: That is one of the issues being considered, and I noted the Governor's comments. The code of practice has a number of constraints on how bonuses are paid. It is a vast improvement on last year's situation, and will help create a better regulated banking sector.

Sheila Gilmore (Edinburgh East) (Lab): When the Chancellor's colleague the Prime Minister said in 2009 that no bank with significant taxpayer support should pay bonuses of more than £2,000, was he jumping on an Opposition bandwagon or was it a serious policy initiative? If it was the latter, what has changed since 2009?

Mr Osborne: That was about the time when the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), the then Prime Minister, said:

"The day of big bonuses is over."

That is the kind of rhetorical—*[Interruption.]* That is the situation that we have inherited—no proper code of practice, no permanent bank levy, no plan for improving the system of regulation. We are putting in place measures that we believe will materially improve lending in this economy and the regulation of our banking system. Every single one of them has, for opportunistic reasons, been opposed by the Labour party.

Mr Aidan Burley (Cannock Chase) (Con): On BBC television yesterday, the Leader of the Opposition stated that Labour's bankers tax brought in £3.5 billion whereas the Government's levy would bring in only £1.3 billion. Will the Chancellor confirm that the right hon. Gentleman got his figures incorrect? Actually, Labour's bankers tax brought in just £2.3 billion, whereas the Government's levy will bring in more, at £2.5 billion.

Mr Osborne: My hon. Friend is right. When the bonus tax was introduced by the previous Chancellor, he explicitly said that there would be displacement activity and that the net receipts to the Treasury would be less. Those have been looked at by the Inland Revenue and verified by the independent Office for Budget Responsibility. They are less than the £2.5 billion or thereabouts that our bank levy will raise on a regular year-on-year basis once it is fully up and running.

Kevin Brennan (Cardiff West) (Lab): What are ordinary hard-working constituents listening to the Chancellor's announcements from millionaires' row today to do but conclude that his message to them is that we are not all in this together, and that his message to the bankers is, "Carry on filling your boots?"

Mr Osborne: The hon. Gentleman was, I believe, a Minister in the Labour Government. In the first year of this Government we are seeking lower bonuses than were paid in the last year of the Labour Government. Perhaps he will explain that to his constituents.

Tony Baldry (Banbury) (Con): Will my right hon. Friend give the House an indication of the time scale within which he expects the banks—particularly those such as RBS, in which the taxpayer has a substantial shareholding—to make proposals on how they will increase responsible lending, on reasonable terms, to small and medium-sized businesses in my constituency and the constituencies of right hon. and hon. Members across the House?

Mr Osborne: The discussions are taking place now. In the next couple of weeks, I expect to be able to come back to the House with the conclusions of those discussions. The pay packages and bonuses for UK banks will be announced either right at the end of January or in early February; those for American banks will be slightly earlier.

Toby Perkins (Chesterfield) (Lab): A lot of people will be particularly disappointed, because how the Chancellor is speaking today is so very different from how he spoke in opposition. As someone who has recently been going downhill fast, does he understand how depressed people will be about what they are hearing from him today compared with what he said as shadow Chancellor?

Mr Osborne: I hope that what people are hearing from us today are serious proposals: to increase lending in our economy, which is very important; to reduce the bonus pool, so that it is not as large as it was under the Labour Government; and to increase the contribution to communities in the way that we all want to see. That is what we are seeking to agree with the banks. As I say, there is absolutely no proposal to the contrary from the Labour party, which actually created this mess, and feathered the nests of the banks, while it was in office.

Jesse Norman (Hereford and South Herefordshire) (Con): Does the Chancellor share my view that one reason why there was no bank levy under the Labour Government was because, in Lord Mandelson's words, they were

"intensely relaxed about people getting filthy rich"?

Mr Osborne: That was one of the things that Labour Cabinet Ministers said at the time—and indeed, quite a few of them have lived up to it since leaving office.

Steve McCabe (Birmingham, Selly Oak) (Lab): The Deputy Prime Minister threatened very serious action against bankers who sought to pay themselves unjustifiable bonuses. Should we regard the Chancellor's answer today as a description of the very serious action that the Deputy Prime Minister was talking about?

Mr Osborne: I have made it very clear that nothing is off the table unless we can agree a settlement with the banks that allows an increase in lending, an increase in community contributions and a lower bonus pool.

Andrew Selous (South West Bedfordshire) (Con): Does the Chancellor agree that, in addition to getting the banks to lend more to business, we should be focusing on getting the maximum sustainable tax take from banks? That involves concentrating on the tax take, not just tax rates—a mistake that the Opposition often make.

Mr Osborne: Absolutely. What we want is the maximum sustainable tax revenue—that is the objective of this Government—and, indeed, to get the maximum sustainable lending into the British economy. We are trying to link the two in a settlement. I have no idea what the Labour party is proposing, but this is the sensible way forward.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): May I give the Chancellor another opportunity to answer the question? When are we going to see the detailed proposals for robust action, as promised on page 9 of the coalition agreement, specifically to target—bankers' bonuses?

Mr Osborne: "It says here."

What I would say is that we have introduced the code of practice, which extends the coverage of the code to 2,500 firms rather than 25. We are taking that action, and as I have said, we are also seeking a lower bonus pool than existed when the party that the hon. Lady supports was in government last year. That is a sensible step forward in the current climate.

Chris Heaton-Harris (Daventry) (Con): Is it not a shame that the something-for-nothing deal that was done goes far beyond just bankers' bonuses, and has meant that small businesses in my constituency have to struggle to get a continuation of a line of credit? Can the Chancellor help me in my dealings with NatWest in this particular process in relation to a number of small businesses in Daventry?

Mr Osborne: Of course I shall be happy to look at my hon. Friend's constituency case. He highlights the central issue that the previous Government completely failed to address: how to increase lending to the small and medium-sized business sector. That is one of our central economic objectives; that is why we are in discussions with the banks. The previous Government achieved nothing in that regard; we hope to achieve something, and we will come to the House and report on our progress.

John Mann (Bassetlaw) (Lab): In the Chancellor's judgment, what is the maximum bonus that Barclays should offer its chief executive Bob Diamond for 2010?

Mr Osborne: Less than he was paid in 2009.

Bob Blackman (Harrow East) (Con): Hard-pressed taxpayers in my constituency will rightly be annoyed at the disgraceful deal done by the previous Labour Government. What leverage will my right hon. Friend bring to ensure that bonuses are paid on the basis of bankers' performance rather than just financial information?

Mr Osborne: That is precisely why we are improving the governance around bankers' pay and remuneration, and why we are changing the system of regulation to replace the failed tripartite system created by the previous Government and voted for by many Opposition Members. We have done more in seven months than they did in 13 years, when they lived off a philosophy that there would be no more boom and bust. We are now picking up the pieces of that failed philosophy.

Andrew Percy (Brigg and Goole) (Con): Constituents in Brigg and Goole are rightly concerned about the bonuses, but they also remember that it was Ministers in the previous Government who spent at least 12 of 13 years supping cocktails with bankers, praising them around the world and dishing out knighthoods to them. I therefore congratulate the Chancellor on his comments on social responsibility and the community fund. Can he tell us when that community fund for the banks will be established, and whether small as well as larger good causes locally will be able to benefit from it?

Mr Osborne: I do remember exactly that story of the Labour Government; indeed, I was reminded of it recently when I saw Tony Blair, that well-known consultant for J. P. Morgan. We are trying to sort out the situation that we inherited—a complete mess with no plans to put it right. Now, seven months in, the Opposition still have no serious economic policy to put forward.

Andrew Bridgen (North West Leicestershire) (Con): Is the Chancellor of the Exchequer as appalled as I am by the mock anger of those on the Opposition Benches, which is a blatant attempt to mask the fact that they completely failed to regulate the banking industry that amounts to no more than blatant opportunism, and smacks of canting hypocrisy?

Mr Osborne: It is blatant opportunism, and it is a substitute for a serious economic policy. People will have long memories about what happened when Labour was in charge of our economy.

Pat Glass (North West Durham) (Lab): The Chancellor has said several times that nothing is off the table if the banks do not conform to the code of practice. Can you explain to me and to people here today what exactly is on the table, and what you will do if they do not conform?

Mr Speaker: Order. I will do nothing at all, but I think the Chancellor might.

Mr Osborne: As I have said, what is on the table at the moment is the discussion that we are having to increase lending in a material way—in other words, more than would otherwise have been the case—and to reduce bonuses more than would otherwise have been the case. I have made it very clear to the banks that nothing is off the table if we do not agree this settlement, and we will look at all the options available to us.

Mr Speaker: I thank the Chancellor and all colleagues for their succinctness, which has enabled every Member who wanted to ask a question to do so, and to secure an answer.

Points of Order

4.17 pm

Ian Lucas (Wrexham) (Lab): On a point of order, Mr Speaker—of which I hope you have had some notice. On 21 December, through a press statement, the Prime Minister announced a major change to the machinery of Government. I hope that the Business Secretary will remain in the Chamber, because that was the day on which all responsibility for competition and policy issues relating to media broadcasting, digital and telecoms sectors was transferred out of his remit and into the remit of the Secretary of State for Culture, Media and Sport. There has been no announcement whatsoever to the House of Commons relating to that major change to the machinery of Government, and we are not clear which particular aspects of Government policy have in fact been transferred. Today, the website of the Department for Business, Innovation and Skills talks of issues within this area that are the responsibility of a Minister in that Department still being the responsibility of the Secretary of State for Business, Innovation and Skills. Have you, Mr Speaker, had any indication whatsoever that this House, rather than the press, will be informed of the detail of this major change to the machinery of Government?

Mr Speaker: I note what the hon. Gentleman says, but I have not heard of any Government intention to make a statement on this matter today. However, I remind him and the House that Ministers from the Department for Business, Innovation and Skills will be answering oral questions in the Chamber on Thursday, when opportunities might present themselves. I hope that that is helpful.

Chris Bryant (Rhondda) (Lab): Further to that point of order, Mr Speaker. I hear what you have said, but this afternoon I tried to table some questions to the Department for Culture, Media and Sport and to the Department for Business, Innovation and Skills, and the Table Office is uncertain about what specific responsibilities fall within which Department, so there is a very real problem for the order of this House.

Mr Speaker: It is for Ministers to decide into which bailiwick matters fall, and therefore which Minister or Department is responsible. I note the very real concern that the hon. Member for Rhondda (Chris Bryant) has just expressed. Off the top of my head, I would say two things to him. First, he will be aware that at Business, Innovation and Skills questions on Thursday there will be topical questions, and it is open to Members to try to highlight their concerns at that juncture. Also on Thursday there will be business questions, and it will certainly not be beyond the wit and sagacity of the hon. Member for Rhondda, if he chooses to be here, to pursue these matters. If he is elsewhere, in a certain part of the north-west, then other Members might take up the slack; we shall see.

If there are no further points of order, we come now to the ten-minute rule motion, for which the hon. Member for South Norfolk (Mr Bacon) has been patiently waiting.

Food Labelling Regulations (Amendment)

Motion for leave to bring in a Bill (Standing Order No. 23)

4.20 pm

Mr Richard Bacon (South Norfolk) (Con): I beg to move,

That leave be given to bring in a Bill to amend the Food Labelling Regulations 1996 to provide for information about the country of origin of food to be made available to consumers; and for connected purposes.

I am pleased to invite the House once more to give leave for the introduction of a Bill to promote the clearer labelling of food. The Bill is supported by Members from all parts of the House and its aim is simple: to provide clearer, more accurate and more honest information to consumers about the food that they buy than is currently required. This is my fourth attempt to change the law on food labelling, and I continue to campaign for compulsory country of origin labelling, because I believe that the consensus on the need for a change in the law continues to grow.

Many producers use ambiguous wording such as "Produced in the UK" and slogans such as "Great British Menu", "British Classic" or "The Nation's Favourite" on packaging, often alongside the Union flag, to imply that their product is British when it is not. When I last raised this issue, I gave the House some of the most egregious examples of misleading packaging, but I will not dwell on those today because there have been developments since my last attempt to change the law.

Recently, several organisations have issued guidance on best practice and codes of conduct on food labelling. The pig meat supply chain task force, which counts the Minister of State, Department for Environment, Food and Rural Affairs, whom I am pleased to see in his place, as a member, recently announced a voluntary code of practice for the labelling of pork and pork products. It calls for the country of origin of the pork used in pork products to be clearly displayed. That applies to the whole of the pigmeat supply chain. Those welcome standards are hard-edged and meticulous, and take careful aim at ambiguous terms such as "Produced in the UK", which are still used.

Guidance on origin labelling has been developed by the British Retail Consortium in association with the British Meat Processors Association, the British Hospitality Association, Dairy UK, the Food and Drink Federation and the Business Services Association. The guidance, which aims to ensure that country of origin information at the point of sale is consistent and clear, applies to meat, processed meat products, milk, fresh cream, cheese and butter. It suggests that using British flags, images, icons or landmarks, or any suggestion of British or local origin through slogans such as "British Classic" should be limited to products where the meat originates from the UK. The code suggests that when a voluntary origin declaration is made on composite products such as pies and casseroles, the country of origin of the meat ingredient should be labelled if the meat is considered of primary interest to the consumer or a predominant component of the product.

Those voluntary codes are steps in the right direction, but they are not the end of the journey and there is more to be done. Significant concerns persist about the

effectiveness of voluntary agreements, and the demand for mandatory country of origin labelling is growing. Helen Ferrier, the chief science and regulatory affairs adviser for the National Farmers Union, said of the British Retail Consortium's guidance:

"Unless all companies sign up and then consistently stick to their promises, some consumers will still be misled."

Alice Barnard, the chief executive of the Countryside Alliance, welcomed the guidance and urged food organisations to sign up to its standards, but lamented:

"The code is not mandatory, which would offer further protection still".

A resolution calling for the mandatory clear labelling of food with its true country of origin received unanimous support at the 2010 annual general meeting of the National Federation of Women's Institutes. Its chair, Ruth Bond, said:

"We know that consumers want to make informed choices and surely it is not right that consumers remain dependent on the goodwill of retailers signing up to a voluntary scheme. Without legislation there is no guarantee that consumers will get the choice and information they are demanding".

Even signatories to the British Retail Consortium's code recognise the importance of mandatory labelling. Speaking on behalf of Dairy UK, Richard Hollingdale, the sales and marketing director of First Milk, told the all-party group on cheese:

"Although the current legislation requires origin to be included on the pack, in practice consumers can be misled. Our view is that consumer requirements for cheese can only be met by mandatory arrangements that recognise the place of manufacture of the product."

The director general of Dairy UK, Jim Begg, added:

"We're looking for a simple solution to resolve this issue: You don't need a sledgehammer to crack a nut. But we do think that a mandatory element is necessary to be effective."

Even Brussels, which has often been cited as a roadblock to progress on country of origin labelling, recognises the need for mandatory rules to be more widely applied. On 16 June 2010 the European Parliament voted to accept draft food labelling legislation that would expand the EU's requirements for country of origin labelling on food to all meat, poultry, dairy products and other single-ingredient foods. Then, on 7 December, EPSCO—the Employment, Social Policy, Health and Consumer Affairs Council—reached a political agreement on draft regulation 16555/10, on food information for consumers. The proposed regulation states:

"The impact assessment of the Commission confirms that origin of meat appears to be the prime concern of consumers. There are other meats widely consumed in the European Union, such as swine, sheep, goats and poultry. It is therefore appropriate to impose the mandatory declaration of origin for those products".

The agreement also makes provision for the Commission to report, within three years of the regulation coming into force, on the possible extension of compulsory country of origin labelling to other foods, including milk; milk used as an ingredient in dairy products; types of meat other than swine, sheep, goats and poultry; meat used as an ingredient; unprocessed foods; single-ingredient products; and ingredients that represent more than 50% of a food. The measure will be considered by member states and then the European Parliament, and if adopted it will take effect in three to five years, extending mandatory information about the country of origin to the main types of meat on sale on the British high street. It has the potential to extend to all meats, processed meat products and dairy products.

The proposals have found support from consumer group Which?, which has stated:

"We support the EU proposals and welcome the new voluntary scheme, but we want both to go further. Until food labelling is mandatory, consumers won't get the full picture".

Mr Meurig Raymond, deputy president of the National Farmers Union, has said:

"We believe there is no reason why mandatory Country of Origin labelling should not be extended to the remaining sectors as well as to the main ingredients of semi-processed foods."

British farmers are keen for consumers to be well informed about where meat comes from. Information for consumers is not protectionism. I am not in favour of compulsion through legislation except where absolutely necessary, but in this area it is necessary, and there is consumer support for a mandatory country of origin food labelling scheme. We have been waiting years for a workable voluntary scheme, and despite some welcome advances, we are still waiting. It is now necessary for the Government to accept that honest food labelling requires the force of law, and that is what my Bill would provide. I commend it to the House.

Question put and agreed to.

Ordered.

That Mr Richard Bacon, Angus Robertson, Elizabeth Truss, Mr Keith Simpson, Mr David Ruffley, George Freeman, Miss Anne McIntosh, Mr Nicholas Brown, Mr Kevan Jones, Roger Williams and Sir Alan Beith present the Bill.

Mr Richard Bacon accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 1 April, and to be printed (Bill 130).

European Union Bill

[1ST ALLOCATED DAY]

[Relevant documents: The Tenth Report from the European Scrutiny Committee, European Union Bill and Parliamentary sovereignty, HC 633-I, -II and -III, and the Government response, First Special Report, HC 723.]

Considered in Committee

[MR LINDSAY HOYLE *in the Chair*]

Clause 18

STATUS OF EU LAW DEPENDENT ON CONTINUING STATUTORY BASIS

4.30 pm

Mr William Cash (Stone) (Con): I beg to move amendment 41, page 11, line 25, at end insert—

'(1) The sovereignty of the United Kingdom Parliament in relation to EU law is hereby reaffirmed.'.

The Chairman of Ways and Means (Mr Lindsay Hoyle): With this it will be convenient to discuss the following:

Amendment 10, page 11, line 30, at end insert 'and not by virtue of a common law principle.'.

Amendment 52, page 11, line 30, at end add—

'(2) The Secretary of State shall prepare an annual report on the extent to which in the previous 12 months the provisions of subsection (1) have been challenged or questioned in the courts, including the European Court of Justice, identifying any challenge to the declaration contained in that subsection that the status of EU law is dependent on the continuing statutory basis provided by the European Communities Act 1972.

(3) The report made under subsection (2) shall be laid before Parliament for its approval.'.

Clause 18 stand part.

New clause 1—*Parliamentary sovereignty*—

'Section 3(1) of the European Communities Act 1972 shall not extend to the construction or interpretation by the courts of the United Kingdom as to the nature or legal effect of parliamentary sovereignty and section 3 shall be amended accordingly.'.

New clause 4—*Saving for existing law*—

'Nothing in Part 3 adversely affects or shall be construed as affecting the existing constitutional law of the sovereignty of Parliament in relation to EU law.'.

Mr Cash: The group relates specifically to clause 18, and I shall explain a little of the amendments' purpose.

Amendment 41 would insert at the beginning of the clause, which covers the status of EU law, the simple words:

"The sovereignty of the United Kingdom Parliament is hereby reaffirmed."

Amendment 10 would add to the end of the clause the simple phrase,

"and not by virtue of a common law principle".

The effect of that would be to prevent the courts from applying a common law principle, which has become entrenched in certain thinking in influential academic and legal circles, and in the Supreme Court. The explanatory notes suggest that it has also become entrenched in the Government's thinking.

I understand that the explanatory notes may be in the course of being corrected, as the European Scrutiny Committee and one of its main witnesses suggested. However, precisely what effect that will have remains to be seen. Perhaps we can debate that this afternoon. After all, the explanatory notes may have been prepared to aid interpretation of the statute—statute law is open to interpretation by the courts—but will the removal of the relevant words necessarily have the effect of preventing those most distinguished and eminent Supreme Court judges from departing from principles and doctrines to which they have apparently become wedded?

The two new clauses are directly relevant to clause 18 to ensure parliamentary sovereignty in view of the continuing trend towards judicial interpretation along the lines that I have already expressed. It is a matter of grave concern to many of us—far more than may turn up in the Lobbies today—that the courts, on a range of matters, have accumulated greater and greater influence, and, indeed, action, in relation to their judgments on Acts of Parliament. I refer not merely to interpretation or construction of the words but the underlying judicial activism, sometimes of a quasi-political nature. That has caused a great deal of concern, which has arisen particularly in the case of the Human Rights Act 1998. Although we are not discussing that today, there is an analogy because the charter of fundamental rights, which mirrors the Human Rights Act, is part and parcel of the arrangements under the Lisbon treaty. In that area of law, if there were any inconsistency between legislation—many centuries old and based on well established democratic principles—passed in this Westminster Parliament, would the judiciary presume to make judgments about the nature or legal effects of parliamentary sovereignty?

Mr Edward Leigh (Gainsborough) (Con): Will my hon. Friend deal with the canard put around by Foreign Office lawyers that if his amendment is passed and we add talk of sovereignty to the statute, judges will be given a chance to intervene because it is not mentioned elsewhere? Surely the issue is clear: Parliament is sovereign, so why do we not just pass this amendment?

Mr Cash: My hon. Friend is right and I am grateful to him. Indeed, I suspect that many other colleagues, not only on the Back Benches but among the ministerial ranks, agree with me strongly. I also suspect that many Opposition Members feel exactly the same way. I hope, although without too much confidence, that one or two Liberal Democrats might take a similar view, although I would not wish to over-egg the pudding on that score.

Mr Bernard Jenkin (Harwich and North Essex) (Con): I happened to be doing a television interview earlier today with Mr Chris Davies, who is a Liberal Democrat MEP. When I asked him what the problem was with incorporating this amendment in the Bill, he said he could not possibly disagree with it. So there are Liberal Democrats who agree, and I simply do not understand why the Government object.

Mr Cash: I am grateful to my hon. Friend for that point. Indeed, I would be fascinated to know what would happen if any hon. Member were to appear before their local association and say, for example, "I just want to inform you that the sovereignty of the

United Kingdom Parliament in relation to EU law is not reaffirmed." I think they would get a dusty answer from their constituents, especially as they elected that person to represent them in Parliament.

I am concerned to ensure that the courts are excluded from the construction or interpretation of the nature or legal effect of parliamentary sovereignty. It is of course still inherent in the arrangements, even after the Constitutional Reform Act 2005, that the judiciary are not only quamdiu se bene gesserint, as the Latin has it—in other words, they hold their position during good behaviour—but, in exceptional circumstances, it would be possible for judges to be removed, by an address by both Houses of Parliament, if they were to depart from that dictum. I would have said that some of the remarks relating to the sovereignty of Parliament that have emanated from some judicial circles in recent years have trespassed closely on the question of whether Parliament is the supreme law-making body in this country. I include that new clause because I want to exclude the courts in relation to section 3 of the European Communities Act 1972, but I am not attempting to extend its range beyond that.

I find it strange that the Government say that the Bill does not attempt to embrace the whole doctrine of parliamentary sovereignty. Of course it could not have done so, because the scope of the Bill would prevent that. For practical purposes, my amendments are all devised and worded in relation to EU law, but without prejudice to my concern about the fact that justices of the Supreme Court should not pick and choose between the different kinds of statute to which they apply these attitudes if they were to gain critical mass.

New clause 4 states:

"Nothing in Part 3"

the provision relating to the status of EU law—

"adversely affects or shall be construed as affecting the existing constitutional law of the sovereignty of Parliament".

I then add, for the purposes of the scope of the Bill, the words

"in relation to EU law."

I have provided a fail-safe mechanism and firewall against any attempt by the judiciary to interfere with the sovereignty of the House. I have done that not simply because that sovereignty is centuries old in its derivation, but because, certainly since the mid-19th century, our democratic representation, which leads Members of Parliament to convene in this Chamber and pass laws, has derived its supremacy exclusively from that democratic right.

Geraint Davies (Swansea West) (Lab/Co-op): How does the hon. Gentleman reconcile his call for sovereignty of the House with the fact that, on 1 January, we saw established the European Securities and Markets Authority in Paris, the European Banking Authority in London, the European Insurance and Occupational Pensions Authority in Frankfurt and the European Systemic Risk Board, all of which trump national organisations such as the Financial Services Authority and the Bank of England? Is this not an unreal debate? This is happening now and is constraining our action, and none of these amendments will make any difference to the fact of those constraints.

The Chairman: Order. It would help if the hon. Gentleman could try to shorten his interventions.

Mr Cash: The amendments, if passed, would enable us to deal with those questions. In point of fact, I intend to come on to the implications of my new clauses and amendments in relation to a number of matters, including what I regard as the totally unnecessary and unacceptable jurisdiction being given to the European Court and other European institutions over the City of London. I have been talking about that in national newspapers for the best part of two and a half years.

Mr Jenkin: Does the previous intervention not underline why we need my hon. Friend's amendment? There might be no doubt in our minds that Parliament is sovereign and that the functions and powers to which he has just referred are simply delegated to the European Union by this sovereign House, but because such misunderstandings exist, it is time for the House to make a clear declaration that sovereignty and ultimate legal authority still rest with the House of Commons.

Mr Cash: I am deeply grateful to my hon. Friend for his intervention, because he is exactly right. Since 1972, there has been an accumulation that has now turned into a tsunami—a sort of Pied Piper of Hamelin, whom we all remember from our childhoods—as the accumulated rumbling and tumbling has gone on and on. We are now faced with a continuous stream of legislation divesting the House of its right to legislate, and this is an opportunity—one not invented by me in terms of the clauses proposed by the Government—to enable us to regain the sovereignty that belongs to the people of this country, the voters in general elections and Members of Parliament elected to the House for the purposes of protecting those voters' interests.

Mr Denis MacShane (Rotherham) (Lab): Will the hon. Gentleman give way?

Mr Cash: I certainly will. I am always glad to see the hon. Gentleman.

Mr MacShane: Just as we start this interesting debate, I would like to know whether the hon. Gentleman accepts the broad principle of pacta sunt servanda.

Mr Cash: To which I would simply reply:

"Et sine lite loquax cum Palladis alite cornix".

Mr MacShane *rose*—

The Chairman: Order. We cannot have two hon. Members on their feet at the same time.

Mr Cash: I was talking about the crow that was quacking on the fence.

Martin Horwood (Cheltenham) (LD): Is the hon. Gentleman now in favour of establishing a common European language?

Mr Cash: As long as it subscribed to the classical arrangements that were provided for when we all actually spoke Latin properly, the answer would be yes.

4.45 pm

There is obviously—we all know it in this Committee, and so do those outside this place, because it has been well publicised—a disagreement between the Government, the European Scrutiny Committee, of which I have the honour to be the elected Chairman, and me personally, regarding the meaning, nature and effect of clause 18. The disagreement falls into several categories, all of which can be categorised as matters of national interest. That is why I trust that Members of Parliament from all parts of the Committee will listen carefully to the arguments and vote according to these, and not according to any instructions that have been issued by the Whips.

Mr MacShane *rose—*

Mr Cash: With the greatest respect, we have already had one intervention from the right hon. Gentleman. Perhaps he would be kind enough to wait.

It would be ironic to say the least if the slogan "Working together in the national interest", which we saw at our party conference, were to become "Working together against the national interest". I do not believe that any Member of Parliament or any Minister would agree that the coalition—a "temporary alliance", according to the "Oxford English Dictionary"—should be employed in any way to pass legislation that would undermine parliamentary sovereignty. Incidentally, I am somewhat appalled at the lack of coverage not of this debate but of the European Scrutiny Committee report when it came out, given the fundamental nature of the issues at stake, and the quality of analysis not only in the report itself but in the evidence given to us by probably the most distinguished constitutional experts in the land.

I will turn first to the constitutional and legal issues that clause 18 raises and which were carefully considered for several weeks by the European Scrutiny Committee, which received evidence on a completely even-handed basis, which, because of the fundamental importance of the issues to our constitution and our democracy, was well worth doing. In the course of the proceedings it became clear that many of the constitutional experts concerned felt that, at the very least, clause 18 was completely unnecessary. The most compelling evidence—the evidence that we received from Professors Tomkins and Goldsworthy, along with a number of others—was that clause 18 was hazardous and dangerous, particularly in the light of the Government's assertions.

The issue of parliamentary sovereignty has been a matter of fundamental concern, importance and action since the 17th century. However, parliamentary sovereignty acquired a special and fundamental significance with the extension of the franchise in the mid-19th century, from the Reform Act of 1867 onwards—for example, through the Reform Acts of 1885 and 1884—and is undoubtedly the democratic basis of the United Kingdom constitution. However, irrespective of its now democratic basis, parliamentary sovereignty has become increasingly questioned recently—and only very recently—by reason of judicial assertions. Although on the tin, as well as in many repeated statements, we were told—I refer now to my hon. Friends on the Conservative Benches—that we would be getting a sovereignty clause or even a sovereignty Bill, clause 18 is emphatically not a sovereignty clause. For reasons that I will explain, the clause will actually undermine parliamentary sovereignty by encouraging judicial supremacy. The explanatory notes put forward the dangerous notion that parliamentary sovereignty is a "common law principle", and therefore subject to judicial authority. However, even if the explanatory notes were disavowed on this matter, the problem of judicial assertions relating to parliamentary sovereignty would not disappear.

Mr Kevan Jones (North Durham) (Lab): The hon. Gentleman and his Conservative colleagues stood in the election on a manifesto that said on page 114:

"We will introduce a United Kingdom Sovereignty Bill to make it clear that ultimate authority stays in this country, in our Parliament."

Is he therefore disappointed that the Government have binned that part of the manifesto that he stood on?

Mr Cash: Not disappointed—absolutely appalled.

The sovereignty of Parliament is the most important principle of the United Kingdom constitution, and has been since 1688, as confirmed by constitutional authorities without question until very recently. Indeed, the greatest judge in recent times, the late Lord Bingham, who died only a few months ago, stated in the Jackson case in 2005:

"The bedrock of the British constitution is...the supremacy of the Crown in Parliament."

I fear that the sovereignty of Parliament is in grave danger, however. There are judges in the Supreme Court whom Lord Bingham himself felt it necessary to name in black and white in chapter 10 of his book "The Rule of Law", published shortly before his death. He publicly criticised their judgments and their attitude to parliamentary sovereignty. In the Jackson case, Lord Hope, who is now deputy president of the Supreme Court, said that

"parliamentary sovereignty is no longer...absolute".

He went on to say that, "step by step", it "is being qualified". In his view, the rule of law, enforced by the courts, is the ultimate controlling factor on which our constitution is based. Lady Hale, who also remains on the Supreme Court, agreed with Lord Hope.

The fact that that case did not relate specifically to EU law does not alter the fact that the views expressed by Supreme Court judges can be as easily applied to cases involving EU law as to another judicial matter, contrary to the suggestions being put forward by the Minister in evidence earlier. It is not an answer to the question, as the Prime Minister has sought to suggest in a letter to me, for the Minister for Europe to state in his evidence to the European Scrutiny Committee that the Government are not seeking, and have never sought, to provide

"an all-embracing doctrine of Parliamentary sovereignty."

The Supreme Court justices, who have a process of selection outside the Judicial Appointments Commission, have a significant critical mass of those with profoundly Eurocentric credentials. I mention this because the sovereignty of Parliament, which is a constitutional doctrine of the United Kingdom, is also under threat by virtue of the European Communities Act 1972. The construction placed on legislation emanating from that Act affects the daily lives of the electorate in almost every sphere of present-day activity. According to the Government themselves, such legislation affects at least 50% of all economic laws in the United Kingdom,

including those that impose burdens on businesses small and large that, according to the best estimates, have cost £124 billion since 1998.

The threat comes not only from the common law radicalism of such judges but from the EU law itself, which claims constitutional supremacy over member states' constitutions. We have also seen cases of terrorists appearing to get away with things and people not being deported when they should have been, as well as a whole range of other matters occurring under the European Human Rights Act, which, as I have said, is mirrored by the new charter of fundamental rights in the Lisbon treaty. We are witnessing a vast increase in the volume and impact of such legislation on the British people, and this is resulting in the anxieties I have described. Those anxieties could be allayed by my amendments, however, and it is time for us to turn the tide and make it clear exactly where we stand.

Sir Malcolm Rifkind (Kensington) (Con): My hon. Friend is undoubtedly correct to say that the role of the courts has increased significantly, but is not the ultimate test of the sovereignty of Parliament whether Parliament can amend the law, either on domestic matters, when the courts have interpreted the law to our dissatisfaction, or in relation to our international treaty obligations, from which Parliament should always have the right to withdraw if it so chooses? Given those circumstances, the sovereignty of Parliament ultimately remains available to us.

Mr Cash: I am extremely grateful to my right hon. and learned Friend for that. I agree with the sentiment; the problem is the practice. The difficulty is not only the tsunami of laws: attitudes within the Supreme Court, particularly since the Constitutional Reform Act 2005, have so enhanced its independence that, in conjunction with the arguments it is beginning to present, very serious questions are raised. It was the same with the Bill of Rights of 1688—it was not an Act, but it is regarded as one of the central instruments of our constitution—when Parliament said that it was going to put its foot down and set down a marker that Parliament was sovereign. That is what I am saying in my amendments.

Dr Julian Lewis (New Forest East) (Con): Our right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) is surely correct in saying that there is always what the Business Secretary would perhaps call the nuclear option of withdrawing completely. Is not one of the reasons why we, as a sovereign Parliament, are feeling more and more repressed by this sort of judicial activist legislation that things are so often put forward as if they were absolute rights whereas they should be viewed as qualified rights? That is why a common-sense Parliament would say that someone had abrogated some of their rights by bad behaviour, for example, but these courts say that the rights are absolute so that no matter how badly people behave, they cannot, for example, be deported.

Mr Cash: My hon. Friend makes a very important point, which I think all Members will want to take into account. As a lawyer myself—there are many other lawyers in the Chamber—I know that there always exists within the framework of the judicial or court system the adversarial nature of arguments based on words. One reason I came into this House after a fairly lengthy career in the law was that having had so much exposure to parliamentary legislation and its impact on people, I was conscious of the fact that however clever or adroit a lawyer might be in expressing his opinion in court or in his practice, the impact of law on the people who receive it—the voters—was quite a different matter. The common sense mentioned by my hon. Friend the Member for New Forest East (Dr Lewis) provides a salutary reminder of the necessity to remember that we in this House are Members of Parliament. We are legislators; we are not lawyers. We are seeking to apply principles that will enable this country's people to be better governed.

Unfortunately, much of our legislation emanates from the European Union, for example, on issues such as food labelling. My hon. Friend the Member for South Norfolk (Mr Bacon) has just proposed a private Member's Bill to deal with that issue, but his Bill has no chance of becoming law unless we disapply the European element and pass it in this House. That is the problem, and it is, in part, what the supremacy of Parliament debate is all about.

Martin Horwood: I would like to question the hon. Gentleman on one of these principles. He is presenting this as a competition between European and British law and between judges and Parliament, yet he himself has said that these debates are happening and this authority has been conferred on British courts because of the European Communities Act 1972, which, unless I am very much mistaken, was an Act of this British Parliament. That rather reinforces the principle of supremacy.

Mr Cash: If I may say so, that is not only true but precisely what I am seeking to deal with in new clause 1, which I tabled because the courts have been allowed this unwarranted intrusion into the legislative process by judicial activism. Much of the European Communities Act 1972 invokes regulations, which come into effect in a different way from directives. In the new clause, the interpretation and the construction put on legislation by the judiciary should not under section 3 of that Act extend to the nature or legal effect of parliamentary sovereignty. What I am doing is exactly what the hon. Member for Cheltenham (Martin Horwood) highlighted—dealing with the mischief, as I see it, created for that ultimate source of authority, which lies in this House as a sovereign Parliament, to be able to make and unmake laws as it wishes.

That does not necessarily mean that we would automatically take extreme positions. Some academic lawyers—very distinguished they are, too—have gone to extraordinary extremes in trying to demonstrate, in print, the necessity for their case, and have not done themselves a service in so doing. It is at a much more mundane level that the people of this country are unreasonably affected by some of the legislation that needs to be dealt with in Parliament, and which can be dealt with only by the sovereignty of Parliament in its traditional sense.

5 pm

The sovereignty of Parliament is not an arcane constitutional curiosity or a theology; it is an essentially practical question. We in the House of Commons are elected. I am elected. We are all, individually, elected in

our constituencies. What does that mean? It means that we are voted for by people who go into polling booths and register their votes for us individually. It is exclusively on that basis that our authority to legislate is derived. It is the very root of British democracy, and its Members of Parliament have an absolute duty to protect it on behalf of their constituents. A threat to parliamentary sovereignty is a threat to democracy.

Removing sovereignty from Parliament would pass that sovereignty to some other body, whether it be the European Union, the Supreme Court or any other organisation. Sovereignty is about giving ultimate power to the people's democratic representatives in Parliament, not to the courts and not to international bodies such as the European Union. It is that democracy which gives voters freedom to choose who governs them and how, and for which people have fought and died.

Martin Horwood: The hon. Gentleman is being extremely generous with his time. According to a report from his own European Scrutiny Committee,

"the term 'Parliamentary sovereignty' bears a number of meanings which can get confused."

Does not the risk posed by his amendment lie in the fact that it is so simple that it allows for wide and different interpretations that might be exploited by the very courts about which he seems to be so worried?

Mr Cash: I should be more than happy to show the hon. Gentleman a book that is entirely devoted to the issue of the sovereignty of Parliament. The point is that there is no need to define parliamentary sovereignty. The Constitutional Reform Act 2005, which gave greater independence to the judiciary and the whole of which ultimately turns on the rule of law, does not contain any definition of the rule of law. Certain fundamental principles, and methods whereby we are governed, do not require definition for that purpose. They are applied, in the case of both sovereignty and the rule of law. There is a natural constructive tension between the two, but it is our job to protect the element that involves the sovereignty of Parliament.

Mr MacShane: I do not disagree with what the hon. Gentleman has been saying, but the fundamental rule of international law in regard to treaties is "pacta sunt servanda". Those who sign a treaty must abide by it. If Parliament does not like a treaty, it has a sovereign right to withdraw from it. We can withdraw from the European convention on human rights, which is concerned with deporting people and so forth, and we can do the same in regard to the European Union. That is not a nuclear option; it is a perfectly fair choice that this Parliament could take. I rather wonder whether that is the speech that the hon. Gentleman should be making.

Mr Cash: I shall deal with that point shortly, but—with respect to the right hon. Gentleman—he will have to be a little patient.

As Members will have noticed, I have sought only to strengthen clause 18, which, as it stands, merely refers to the "Status of EU law". We were promised a sovereignty clause, and my amendment would achieve that. The clause as it stands would be subject to statutory interpretation, and it would be strange, uncertain and hazardous not to insert this provision in the framework of the European Communities Act 1972 itself. Clause 18 is a stand-alone clause. It refers to the "Status of EU law" and to section 2 of the European Communities Act, but it does not amend the Act. I am talking here about section 2 through section 3, when the judges apply themselves to any law. The clause is only six lines long, but it incorporates and absorbs within it every single piece of European legislation, so it applies to everything. However, although we know that law from the European Union emanates through from the 1972 Act, this measure does not amend the Act when incorporating the status of EU law. I am extremely concerned about that and find it very strange. In fact I will go further and say that I think the measure is deliberately contrived to make sure it is not an amendment to the 1972 Act.

Mr John Redwood (Wokingham) (Con): I am grateful to my hon. Friend for drawing the House's attention to this crucial matter. As I understand it, he, like many of us, rightly wants to reassert the sovereignty of Parliament and make it clear that Parliament remains sovereign in all circumstances, and as I understand it, those on the Treasury Bench have the same aim. Given that his proposal seems to be stronger in this regard, can he think of any good reason why they should refuse it?

Mr Cash: No, I cannot. I am a bit puzzled by that, but as I develop my speech I hope to be able to explain where I think the origin of the problem lies.

The Government and the Prime Minister fail either to explain why the 1972 Act was not amended in the way I have just suggested or to follow the route I have provided in my sovereignty Bills, and which has also been provided by the Bills that have followed from colleagues over the past few years. I have to say, however, that my sovereignty proposals of 2006 in relation to the Legislative and Regulatory Reform Bill were accepted by the current Prime Minister when he was Leader of the Opposition and by the party Whips. Indeed, I might add that the Minister for Europe voted for those arrangements. I am glad that he smiles, because the smile is on the face of the tiger.

The fact is that we went through the Lobby then. The Whips came up to me in the middle of the afternoon and said, "Bill, will you please be good enough to allow us to adopt your amendments and put in Tellers?" I was extremely impressed, and slightly flattered. They decided to do that, and then, having accepted that and having faced down the then Government with such incredible force, they went off to the House of Lords and whipped it through the Lords six weeks later. A degree of conviction clearly lay behind that, and it matches up rather nicely with the manifesto promises about the sovereignty Bill and so forth. We were nearly getting there—we were on the brink, it might be said. The question is: where are we now?

As I have said, it is well-established that there is an historical and constitutional tension between the courts and Parliament because of the democratic basis of parliamentary sovereignty, not by virtue of a common law principle, and I have also proposed an amendment to prevent that principle from being subject to judicial application. It is also necessary to include the reaffirmation of Parliament so that the courts would not be able to ignore those words, which are lacking in clause 18 as it is currently drafted, and in order to address the problem relating to the 1972 Act.

In one of the Prime Minister's letters to me—he has written two letters in the last few days—he claims:

"I can, of course, assure you not only that we have no intention to affect adversely the principle of Parliamentary sovereignty, but also that we do not believe that Part 3"

that is a reference to clause 18—

"runs this risk. As you would expect, we made sure we looked at this matter very thoroughly."

My letter to the Prime Minister of 13 December, which I have sent to a number of colleagues to ensure fairness and transparency, indicated that I thought that in the light of his previous observations and assertions about a sovereignty Bill, not to mention the manifesto and so on, this principle of parliamentary sovereignty was a given and that the drafting of clause 18—this is so in the light of the evidence given to the European Scrutiny Committee and our conclusions—had demonstrated that the Government's intentions had merely produced unintended consequences. I went out of my way to say that I was sure that he did not intend this. However, our European Scrutiny Committee was doing what he has continuously said it should do: improve the scrutiny of European legislation. That is one of our fundamental principles; we are going to make sure that European legislation is looked at properly. That is what we have done, and we have reported. We revealed, after four weeks of taking evidence and engaging in cross-examination, that, unbeknown to others, this clause will have unintended consequences.

So our Committee came up with its conclusions, as a result of having followed the Prime Minister's advice to scrutinise as well as we have done, and he then turns around and says, through his Ministers and in letters to me, that

"we looked at this matter very thoroughly"

and that, "We do not believe that part 3 runs the risk that you are identifying." Basically, he said that we were wrong. It is a serious matter for a Prime Minister to say that to a Select Committee, which is one of the reasons why I am taking these steps. I hope that I am doing so with a good sense of timing and humour, because it is very important that we do not turn this into something more difficult.

However, I have to say that his reply of 10 January shows that the Government stand by the wording, having made sure that they examined the matter "very thoroughly". I must say, on behalf of myself and others, that I am afraid that the consequences remain damaging for parliamentary sovereignty, for all the reasons that I have been setting out. He goes on to say that

"the words you have suggested would create uncertainty, because the term 'Parliamentary sovereignty' is not defined. There are no precedents for…referring to Parliamentary sovereignty in Acts of Parliament."

He also says that attempts to define it will be "difficult and complex".

With respect, that does not take us anywhere, because the expression "sovereignty of Parliament", which is the one I have used, does not require definition in statute, as any examination of constitutional authorities makes abundantly clear. Some of those authorities prefer to use the expression "legislative supremacy of Parliament", by which is meant that there are no legal limitations on the power of Parliament to legislate. I return to the words of the late Lord Bingham:

"The bedrock of the British constitution is…the supremacy of the Crown in Parliament".

In the words of one of our greatest constitutional authorities—according to Dicey—under our constitution, Parliament has the right to make or unmake any law whatever and, furthermore, no person or body has the right to override or set aside the legislation of Parliament. There is no definition of "the primacy of European law", nor, as I have just said, is there any definition in the Constitutional Reform Act 2005 of "the rule of law". The fact is that certain expressions do not require that degree of definition, so I do not agree with the Prime Minister or with the Ministers on that point.

One of our witnesses, whose evidence the Committee did not accept, argued that Dicey's exposition of sovereignty has been based on assumptions about representative democracy that, in his view, were flawed even in 1885 and could not be made today. That witness happens to be a proponent of and is in agreement with the views of other witnesses who promote the common law principle, such as Professor Trevor Allan. We rejected that view, distinguished as those people are, as we rejected the common law principle as set out by the Government in their explanatory notes—but merely removing them from the notes will not influence this kind of thinking in the Supreme Court or in influential academic circles. One has only to see the amount of time and effort that has been expended on this in learned journals to realise that they are not going to be pushed out of thinking the way they do merely because we correct them in the explanatory notes.

The same could be said of Lord Justice Laws' views on constitutional statutes, which do not have special status in the traditional sense against any other statute. All are subject to repeal where Parliament so decides in the national interest. That is an advantage of our organic, unwritten constitution, so that we can, in a Burkean sense, adapt as and when necessary on firm and principled foundations. As Bradley and Ewing indicate by contrast to written constitutions such as that of the United States, the legislative supremacy of Parliament amounts to a fundamental rule of constitutional law and this supremacy includes the power to legislate on constitutional matters.

5.15 pm

Under the short clause 18, which applies to all European laws, the vast array and impact of which are set out chapter by chapter throughout the Lisbon treaty, there is endless scope for the judiciary to apply principles that are alien to the traditional doctrine of parliamentary sovereignty where, as is the case with clause 18, there is a failure to incorporate the clause into the European Communities Act 1972 and a failure to reaffirm explicitly the sovereignty of Parliament and to eradicate by express words from judicial judgments the common law principle. There is more to this than is apparent in clause 18 as it stands, and the Foreign and Commonwealth Office lawyers know that very well. I was persuaded that Ministers and the Prime Minister did not appreciate that, but I am now deeply concerned by the manner in which they have fallen for these new fancy notions with hazardous and dangerous consequences for parliamentary sovereignty and I urge hon. Members to take note.

It is important to make the statement that the sovereignty of Parliament is reaffirmed. It is at last necessary to stem the tide to which Lord Denning referred in his famous judgment in McCarthy's v. Smith, and that is

what my amendment would do. This was omitted from the original explanatory notes and is now included in the Government's reply to the Committee, which is surprising. For too long, we have witnessed further seamless and ceaseless integration and it is time we took a stand, removing ambiguity, uncertainty and the gradual absorption of the EU into our own constitutional DNA—that is the point. This is about not just the European Court but our constitutional law, of which Parliament is an integral part.

On compliance with international obligations being obligatory if we were expressly to legislate inconsistently with the 1972 Act or with legislation made under it, the Minister for Europe has stated on several occasions that he does not regard it as a matter of policy. I must emphatically refute that assertion as being entirely inconsistent with the legislative supremacy of Parliament and its sovereignty. That was clearly stated in Mortensen v. Peters in which it was held that the courts may not hold an Act void on the ground that it contravenes general principles of international law. Let me mention the right hon. Member for Rotherham (Mr MacShane) at this stage as he raised this question. Furthermore, the courts may not hold an Act invalid because it conflicts with a treaty to which the United Kingdom is a party. Statute is superior to prerogative in law and any treaties or legislation flowing from those treaties, even within legislation passed under the 1972 Act, is subject to parliamentary sovereignty and to repeal.

Suppose that we decided to disapply a provision on matters close to the Prime Minister, such as social and employment legislation, as he promised in 2005, or declined to bail out Portugal or Spain as part of the unlawful financial stability mechanism, or insisted on legislating within the United Kingdom for the City of London or decided to disapply investigative orders? On that and a vast range of other matters, if we thought it was in our national interests to do so, we could and should disapply EU law and require the judiciary to give effect to that law provided that it was clearly and expressly stated, whether or not it came from an international treaty or a European law. That includes repatriation, which has been specifically rejected by the Deputy Prime Minister. Furthermore, if we were to do that, we could not allow the judiciary flagrantly to contradict Acts of Parliament. That has never been accepted in our constitutional law, and the vagueness of clause 18 is, in the words of one of the distinguished witnesses, "an invitation to litigate". The uncertainty and ambiguity that would arise as a result of the need for interpretation would invite that part of the judiciary that does not accept the traditional view of parliamentary sovereignty to prevail. That is why I am being so specific in the wording that I have used: it is a marker of the same kind as the Bill of Rights, and it says, "You do not touch the sovereignty of the United Kingdom Parliament."

Sir Malcolm Rifkind: Is my hon. Friend not in danger of being so learned as to confuse himself about his own amendment? The sovereignty of Parliament was not created by an Act of Parliament, and it has never depended on an Act of Parliament. How can its restatement in an Act of Parliament given any real added value to its legitimacy?

Mr Cash: Precisely because the courts have moved further and further down that route, as I explained when quoting Lord Hope's speech. The Supreme Court has been given independence under the Constitutional Reform Act 2005. I see a slight smile appearing on my right hon. and learned Friend's face.

Sir Malcolm Rifkind: Not for that reason.

Mr Cash: Ah. He knows that he may have to answer that question during the debate. Judicial trends have recently moved along that route, and that movement is firmly entrenched, so it is time to call a halt to them, and that is what the amendments would achieve.

Martin Horwood: I realise I am on dangerous ground in quoting bits of the hon. Gentleman's report back to him, but in paragraph 43, the European Scrutiny Committee concluded:

"Overall, the majority of witnesses thought that if an Act of Parliament were to derogate from an EU Regulation or Directive, for example, and in so doing expressly and unequivocally disapply the ECA, the courts would be likely to follow the derogating Act of Parliament."

The majority of witnesses thought that clause 18 was at worst unnecessary. Only one thought that it was dangerous, so the principle that the hon. Gentleman has espoused is well established and perfectly defensible in British law.

Mr Cash: That would be the case if it were accepted by the judges in the Supreme Court. It is precisely because we know that they are not inclined to take that view that the amendments are necessary. We are extremely grateful for the evidence that we have received from distinguished witnesses, but the problem is not what they have said, because they aided us in arriving at conclusions in the light of our need to defend parliamentary sovereignty. The problem does not lie in Parliament or with the witnesses; it lies in the assertions of a circle of certain judges and lawyers.

Mr Jenkin: I am intrigued by the intervention of my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind), who appears to be suggesting that Parliament can simply assert its authority over the judges by some means other than statute. I would like to know by what means it can do so. In the 17th century, it was violence, and I would prefer that Parliament should not have to resort to violence. I think that we should resort to statute, which would govern the judiciary, and we can direct them to behave according to statute.

Mr Cash: I am grateful to my hon. Friend, because as I mentioned earlier, under the Constitutional Reform Act, there is no displacement of the doctrine and, indeed, the constitutional principle that judges may be removed by an address of both Houses of Parliament. Furthermore, as my hon. Friend has mentioned the 17th century, the 1610 case of Dr Bonham continues to apply, up to and including the 2005 Act. Lord Chief Justice Coke asserted that the common law could usurp Acts of Parliament—I am paraphrasing, but he was specific—but he was dismissed by Parliament for making such assertions. My hon. Friend's point is therefore well made, and was part of the constitutional settlement in the Act of Settlement 1701 and is still part of that settlement by virtue of the Constitutional Reform Act 2005.

Chris Bryant (Rhondda) (Lab): Notwithstanding that, Coke was one of this country's greatest Chief Justices. The hon. Gentleman appears to be arguing that we do not need to define parliamentary sovereignty, because it

is a well-established and well-understood concept, yet he is clutching a book, which I assume is by Jeffrey Goldsworthy, who has written a lengthy, dense book on the subject. Indeed, he has written two books on it, including a recent one, so it is clearly not as simple as the hon. Gentleman would like to suggest.

Mr Cash: What is simple is that the concept of parliamentary sovereignty requires some explanation, and Jeffrey Goldsworthy does that. The question is not merely about parliamentary sovereignty; it is also about the manner in which the courts apply themselves to that doctrine. That is where the mischief lies and that is what my amendments would deal with.

I should like to respond to the Government's reply, published only yesterday, to the European Scrutiny Committee. The Government say that they have never claimed that parliamentary sovereignty is under threat from EU law, but a problem remains for them. The evidence to the Committee was that that could well change in future, given current judicial trends; that is exactly what we were told.

The Government claim that disapplying EU law, an issue that has just been raised, would have unacceptable consequences—with infraction proceedings, and so on. But I make the point clearly that according to the evidence that we received, not only are several countries already in breach of EU law—France's deportation of Roma immigrants, for example; no action was taken—but there is non-compliance on a massive scale. We know all about that, with the stability and growth pact.

There has also been the more recent failure to comply even with EU law itself in respect of the financial stability mechanism. Anybody with two brains to rub together would know that article 122 could not possibly justify—*[Interruption.]* Well, "Two Brains" could. No one could justify the use of article 122 for the purposes of that mechanism. If in the national interest, Parliament decides to do so, that is that. We obey EU law only in so far as it is a matter of statute and continues to be regarded as a matter of national interest.

As to the background of all this, my right hon. Friend the Prime Minister made several speeches before the general election that clearly demonstrated that we would no longer allow Britain's laws to

"be decided by unaccountable judges."

He said that their role was to interpret not to make law and that the sovereignty of Parliament needed to be safeguarded not only from the EU but from current trends in judicial thinking. We were promised last year:

"you can be assured that you have a Conservative prime minister who will act in the national interest. And putting your country first is about the most important Conservative value there is."

The Prime Minister also said:

"The Conservative Party has always been a party that puts the national interest first."

I absolutely and entirely agree. By the way, it was Disraeli who said that the Conservative party was a national party or it was nothing; I agree with that, too.

The tragedy is that the coalition and the Liberal Democrat influence in the formulation—and subsequent discussions, I suspect—of clause 18 and the Bill as a whole have gone a long way towards undermining the commitment to putting the national interest first. I fear that, far from working together in the national interest—and it is not just on this one clause—we are now witnessing policies that in relation to matters as important as the sovereignty of Parliament are actually working against the national interest.

That could be remedied very simply by dealing with the omissions, dangers, ambiguities and hazards that the clause throws up and by accepting my simple and modest amendments. My challenge is this: will hon. Members vote down an amendment that says:

"The sovereignty of the United Kingdom Parliament in relation to EU law is hereby reaffirmed"?

We all know that it is not possible to constrain the judiciary in relation to EU law except by using clear words. Those are lacking in clause 18, and I have substituted words that have the appropriate effect.

Mr Peter Bone (Wellingborough) (Con): On my hon. Friend's point, is he saying that if we had a Conservative Government, we would have a totally different Bill?

5.30 pm

Mr Cash: I congratulate my hon. Friend on that extremely perceptive remark. I entirely agree with him. If that were the case, we would not be where we are now. That is part of the lesson. *[Interruption.]* That might be true too, but who knows.

My new clauses and amendments to clause 18 would put the matter beyond doubt and I cannot for the life of me see why they cannot be accepted in the national interest. I believe firmly that they would have been accepted under a Conservative Government and we know that in 2006 we were almost there. The very fact that the Government might obtain a majority for the legislation should be of no comfort or satisfaction to anyone in the country, inside or outside Parliament.

In that past, those of us who have been criticised or perhaps underestimated for our predictions on Europe need only to look at the record to see how often some of us have been proved right in the national interest. Winning a vote does not always come into that category. I can only hope that failure to accept the clarification that my amendments would give will not, in a few years' time, have seemed in retrospect a price worth paying, rather than seeking to uphold on every score a coalition of parties that on matters relating to judicial supremacy, the European Union, a written constitution and the national interest are often fundamentally poles apart.

"The fault, dear Brutus, lies not in our stars,

But in ourselves, that we are underlings."

Kelvin Hopkins (Luton North) (Lab): It is a great pleasure to follow a speech by the hon. Member for Stone (Mr Cash). I strongly support his amendments and hope they will be divided upon. I shall certainly be voting for them and I hope that many Labour Members will also be supporting him. He has made his position very clear and, even to a non-lawyer such as me, he has made the issues understandable.

The sovereignty of Parliament is something that voters hold very dear. We are not a polity where people mistrust Government, as is the case in many other countries, where people have had experiences that have made them historically mistrust Government. We accept that Parliament decides things on behalf of voters and if they do not

[Kelvin Hopkins]

like what we do, they can get rid of us individually and collectively and change their Government. One of the reasons why, among other things, I so strongly support the first-past-the-post system is that it means that electors can choose Governments. I do not want to touch on sensitive matters now, but such a system means that Governments are not created by post-election deals between parties. Sorry about that, but there we are.

By and large, people choose their Governments and do not like their judiciary to be interfered with by politicians. The judiciary should be independent and should act on the basis of statutes, which are clear and do not leave too much scope for interpretation by judges, who are human beings and have political views like anyone else. Statutes should be very clear. The hon. Member for Stone is trying to make this bit of statute very clear, so that judges do not have wriggle room or scope for interpretation. Whether judges are Euro-enthusiasts or Eurosceptics, they must act according to a clear statute

We have seen what has happened on the continent of Europe. Let us consider the European Court of Justice, about which I am deeply suspicious because it clearly acts in a political way. It has done so on more than one occasion but, as a trade unionist and a socialist, I was dismayed by its judgments in the Viking Line dispute. It found in favour of the employers, which I thought was a political judgment, not a judicial decision. We want to avoid such a situation occurring in Britain. Lawyers should make decisions on the basis of laws that are decided by Parliament, particularly by this House, and there should not be scope for interpretation. That is, of course, most important in matters involving the European Union, because it is wilfully trying to assert laws over and above us in a supranational way, which many of us deeply resent and are suspicious of.

I have said many times in this House that I want a European Union that is a looser association of independent democratic member states where we come together on matters on which we all mutually agree for mutual benefit, but is not a supranational organisation imposing laws and giving itself powers that we cannot resist.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): I wonder whether the hon. Gentleman would be an enthusiast for extending that principle to not only the European Union but the British Union.

Kelvin Hopkins: I voted for devolution, so one could say that, but I leave it to the hon. Gentleman to pursue that point further. I would prefer to see us remain within the Union, perhaps with devolution, and I remain a Unionist in that sense.

Chris Bryant: I have been listening to my hon. Friend, and I have now caught up with where he was two paragraphs ago. He was arguing, as far as I could tell, for absolutely no wriggle room for judges—I think that that was his phrase. The danger of that is that it seems to sweep aside the whole history of English common law. Many of our laws have been developed by precedent in cases that have gone through courts where the judges have made an interpretation. Surely he is not really trying to sweep that aside.

Kelvin Hopkins: I accept what my hon. Friend says, of course, but it depends on how much wriggle room there is. Even with a very well-drafted and carefully written statute, there is sometimes a degree of breadth in what can be decided. If we leave too much wriggle room, judges, being human beings with political views like anyone else, will take advantage; there is no question but that they would do that. It is our job to ensure that they cannot take advantage of this House and of the will of the people.

Mr Cash: Does the hon. Gentleman agree that it is also becoming apparent that some statutes have deliberate ambiguity put into them, and that that may be the case with clause 18 in order to allow the courts to get their hands on it and to construe it in line with the principles that they are beginning to enunciate?

Kelvin Hopkins: Indeed; the hon. Gentleman makes an important point. My concern is based on a suspicion that the Government are deliberately trying to leave this open and not have it pinned down so as to give wriggle room for future political events and developments. When something that appears to be so straightforward is resisted so strongly by a Government—even by my own when I was on the Government side of the House—I am always suspicious that there is a reason behind it, and that somewhere in the Government machine there are people wanting to ensure that something does not happen and that they have wriggle room in future. I do not want that to happen.

Like the hon. Member for Stone, I want to make it clear that the sovereignty of the British Parliament is retained as it should be. The people of Britain have made it clear that they want that to happen as well. Overwhelmingly, they are sceptical about the European Union, and it is our job to reflect that scepticism and not to give away to the European Union more potential power over this Parliament. We owe that to our electors. I certainly support them in that, and I support the hon. Member for Stone's amendment.

Charlie Elphicke (Dover) (Con): Underlying this entire debate about the European Union, sovereignty and the exact meaning of clause 18 is the fact that many Members of this House, myself included, would like to see a fundamental change in our relationship with the European Union. We would like to have a discussion about whether we control, or Europe controls, what happens in the regulation of the City, industry and business, and how we operate as a nation. There is an underlying desire on the part of many hon. Members to have a review of whether we should be part of the European Union at all. There is a desire to have a reworking of the Human Rights Act 1998 and a question mark as to whether it should be on the statute book at all—a concern that I share and that my constituents continually write to me about with a great level of invective.

Geraint Davies: In an earlier intervention, I mentioned the European systemic risk board, the European Securities and Markets Authority and the European Banking Authority. Does the hon. Gentleman accept that there is a case for systemic regulation when there is systemic risk? An opt-out clause would put us all at greater risk, so it is not a one-way street.

Charlie Elphicke: I would agree with the hon. Gentleman were we part of the single currency and the eurozone, but we are not. The systemic risks to our currency and their regulation should be dealt with at home. We should not, as a matter of principle, be part of bailing out the eurozone, leaving the exception of Ireland to one side.

Mr Jenkin: In support of my hon. Friend's point, it is a great mistake to believe that there ought to be identical systems of financial regulation throughout the world, because that magnifies the possibility that a systemic risk in one market will affect all markets in the same way. Various and competing regulatory systems are better for global stability.

Charlie Elphicke: I thank my hon. Friend, and there is much force in what he says. The UK's destiny is best controlled by the UK. The sovereign Parliament of the UK is the cockpit of our nation's ship of destiny—that is absolutely clear.

Mrs Anne Main (St Albans) (Con): My hon. Friend makes a powerful argument. Many Conservative Members have been concerned about influence creep over the years. When we were in opposition, we were unable to do anything about that. Now is the time to be tight and specific in the influence that we have on European legislation.

Charlie Elphicke: My hon. Friend makes a powerful and correct point. There is concern in this House that it does not control the laws of the nation, because so many laws come from Europe. That brings me to my key concern.

Mr Kevan Jones: The hon. Gentleman stated that he wants to revisit our membership of the European Union. I know that he is a new Member, but he stood for election in May on a manifesto—perhaps he opted out of this part of it—that stated:

"We will be positive members of the European Union".

It also stated:

"We believe Britain's interests are best served by membership of a European Union".

It went on to say:

"A Conservative government will play an active and energetic role in the European Union to advance these causes."

Did he not believe in that part of the manifesto when he stood in May?

Charlie Elphicke: I thank the hon. Gentleman for that helpful intervention. Allow me to explain. I did not say that I believe that we should pull out of the European Union tomorrow—*[Interruption.]* I did not say that. I said that underpinning this debate is a question about our future membership. I do not believe that I should be responsible for pulling us out of the European Union; that is a matter that the British people should decide in a referendum, if and when such a referendum is ever put to them. I reject entirely the idea of a European federation that mimics the United States, and of an autonomous legal system that governs that federation and is imposed automatically, as a corpus, on every member state.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Does my hon. Friend agree that nobody under the age of 53 in the United Kingdom has ever been consulted on the ongoing changing relationship with Europe, and that the likes of he and I have never had the opportunity to cast our votes on any of the changes?

Charlie Elphicke: I agree absolutely with my hon. Friend. Perhaps that matter should at some point be considered. I raise these issues of broad principle because if we are to rework our relationship with the European Union, it should be done by the Executive and Parliament, but whether we should stay in or leave the European Union is a matter for the British people to decide through a referendum.

Underpinning these matters is the simple principle that Parliament is sovereign. I have grave doubts about whether we should have clause 18 at all, because I am not sure that it adds anything. I have even graver doubts about the amendment of my hon. Friend the Member for Stone. As a lawyer, I worry about giving hostage to fortune, and I ask the House's forgiveness and consideration for my preliminary remarks on my general feelings and approach to Europe when I say that I am not sure that it is safe or sensible to have such matters enshrined in statute. Parliamentary sovereignty is not a common law principle, it is a constitutional principle of the United Kingdom that has long been recognised by the judges.

5.45 pm

I see clause 18 as being a codification of the Factortame principle. It states:

"It is only by virtue of an Act of Parliament"

that EU law is effective in the UK and

"falls to be recognised and available in law in the United Kingdom."

In other words, we have European law because this House voted for it in former times and continues to keep the country in the EU. So long as we are in the EU, that is the choice of the House.

Chris Bryant: I completely agree. My anxiety about the codification process is that it is dangerous of itself, because it invites the courts to make judgment on the matter.

The hon. Gentleman referred earlier to referendums on whether we should stay in the EU or leave it. Would he support an amendment calling for such a referendum?

Charlie Elphicke: If the hon. Gentleman is planning to table an amendment on an in-out referendum, I will consider it. That is a matter for the House to debate, but I am concerned that he is trying to tempt me to stray from the subject matter of this group of amendments, which is sovereignty.

I am concerned about paragraph 106 of the explanatory notes, which states that clause 18 places on a statutory footing

"the common law principle that EU law takes effect in the UK through the will of Parliament."

As a lawyer, I know that that is not a common law principle, as I am sure most lawyers do. It is a constitutional principle. No one case decided that Parliament was sovereign. It is sovereign, and it cannot resile from that sovereignty.

Mr MacNeil: I am not sure whether the hon. Gentleman is going to share his views on the federation or confederation of the EU, but he has said that someone would have to be 53 years old or more to have expressed a view on membership of the EU. Will he extend his principle a bit? When it comes to Scottish membership of the UK Union, a person would have to be 308 years old to have expressed a view. I warn him that things can slip from 53 years to 308 years, so will he extend the principle that he has just enunciated to the Scottish people?

The Temporary Chair (Mr Roger Gale): Order. I am the most tolerant of Chairmen, but we really must try to stick to something remotely connected with clause 18.

Charlie Elphicke: Thank you, Mr Gale. You have saved me from having to get myself out of that one.

Mr David Nuttall (Bury North) (Con): My hon. Friend made a point about the explanatory notes. Is not the real problem with clause 18 enunciated in paragraph 109 of those notes? It states:

"This clause does not alter the existing relationship between EU law and UK domestic law: in particular, the principle of the primacy of EU law."

That is what upsets the British people, and it is for that reason that we ought to put the matter of sovereignty and of our continued membership of the EU to the British people in a referendum.

Charlie Elphicke: Personally, I believe that it is wrong to see EU law as having primacy. I underline again that the UK Parliament is sovereign, and has decided to be part of the EU and allow its laws into our national life through the medium of the European Communities Act 1972. Equally, it is abundantly clear that the UK Parliament could change that position. To my mind, clause 18 amounts to a codification of that principle, which is clear from the Factortame case and from the metric martyrs, Thoburn case. In the latter case, as Members will recall and as paragraph 107 of the explanatory notes explains, it was argued that EU law

"includes the entrenchment of its own supremacy as an autonomous legal order".

That argument was rejected. It is an important principle to understand: there is no autonomous legal entrenchment from the European Union. It is taken into account and part of our law only because we have made it so.

I can do no better than quote Lord Justice Laws, who hit the nail on the head. He said:

"Parliament cannot bind its successors by stipulating against repeal, wholly or partly, of the European Communities Act."

When I was a law student, studying my books, I always viewed Professor Dicey's principle as giving voice to the doctrine of parliamentary sovereignty. It is quite simple—I always thought of it as: the last Act to hit the statute book takes precedence. If it says anything different from a previous Act, the latter is discarded to that extent.

Mr Kevan Jones: Is not it also important in the case of the metric martyrs, Thoburn *v.* Sunderland city council, to note that it reinforced the fundamental point that European law could not limit Parliament in enacting legislation? The judgment reinforced the sovereignty point.

Charlie Elphicke: If I may continue, Lord Justice Laws went on:

"It cannot stipulate as to the manner and form of any subsequent legislation."

In other words, one Parliament cannot bind another. He continued:

"It cannot stipulate against implied repeal any more than it can stipulate against express repeal."

That is a simple and clear principle.

It is not terribly helpful to have a codification—I am concerned about that—but we do not need to say "is sovereign", because that poses the question of what "sovereign" means, as the Foreign Office pointed out. I do not think that that is a particularly helpful or constructive debate.

The real issue in the Bill is referendums and holding them on whether we should go any further into the EU. I pray in aid some of the submissions that were made to the European Scrutiny Committee. Paul Craig saw clause 18 as "sovereignty as dualism". He said:

"It says nothing about sovereignty as primacy, and it doesn't purport to reiterate, or iterate, the parent idea of sovereignty. There is no harm in having clause 18 if you wish it as a symbolic reaffirmation of the common law principle"—

I agree that it does no harm, but I am not sure whether "common law principle" is right; I think that it is a constitutional principle, so I slightly disagree with him—

"that a statute has no impact in the United Kingdom unless or until it is embodied in an Act of Parliament."

I think that Professor Hartley also made a submission to the European Scrutiny Committee—doubtless, my hon. Friend the Member for Stone (Mr Cash) will correct me if I am wrong. He said:

"I think that the clause has value, because it emphasises that this is the law and this is the constitutional position. In my opinion, even without clause 18, courts would do what it says, but it would encourage and sort of strengthen them. I think that it has value even though, strictly speaking, it does not change anything."

Although I have personal doubts as a slightly picky lawyer about the sense of including clause 18, I believe that it does no harm and it also underlines the principle that the UK Parliament has decided on and voted for membership of the European Union.

Mr Cash: I am afraid that I have to inform my hon. Friend that Professor Hartley did not address the question of the common law principle in his evidence. My amendments address that problem. The intrusion by judicial assertion to undermine parliamentary sovereignty is the problem, not the fact that the "status of EU law" says neither one thing nor another and is inherently unnecessary.

Charlie Elphicke: I pay tribute to my hon. Friend, with whom I agree on so many matters about the European Union. However, I regret to say that we must part company on the subject that we are discussing.

My hon. Friend prayed in aid Professor Tomkins, who gave written evidence, which stated:

"The doctrine of the sovereignty of Parliament is better understood as having its legal source in judicial recognition of political fact rather in the common law."

I am not sure whether that is right. I do not see it as "political fact", rather as an important constitutional

principle, which underpins—and has underpinned—all our dealings since at least the time of the Bill of Rights. Professor Dicey certainly gave voice to it.

Professor Tomkins continued:

"Neither clause 18 nor any other provision in the Bill safeguards the United Kingdom from the further development of EU law by the European Court of Justice."

That is true. The European Court of Justice is a highly judicially activist court, but it does not have authority in the UK directly through our membership of the EU. Its judgments have effect in the UK in interpreting European law because we have, as a Parliament, voted to pass that European law.

That takes us back to whether we need to state that the UK Parliament is sovereign, and to whether the codification of a constitutional principle, which is well understood and to which the courts have adhered time and again, is necessary. I think not. However, I think that we should be more honest, realistic and straightforward about what really concerns us: the fact that we have too many laws from Europe. There are too many interventions in relation to the Human Rights Act, which causes too many problems and too often gives the sense to many of my constituents that the innocent are punished and the guilty go free. That is shocking. Time and again, constituents approach us to express those concerns.

Mrs Main: Does my hon. Friend accept that we promised a sovereignty Bill because of the very concerns that he has just outlined? People felt that our country was not sovereign and therefore the Conservatives stood on a manifesto of trying to assert that sovereignty. That is why some of us are worried about the woolliness of clause 18.

Charlie Elphicke: We stood on a manifesto that stated that we would rework our relations with the EU and that we would conduct a renegotiation. Of course, we are sovereign. I repeat that it is clear that we are codifying the UK's position as having a sovereign Parliament, and it is this place's choice to remain in the EU. I believe that we should reconsider the number of our laws that come from the EU. We should take back some particular positions. That reflects the manifesto on which I stood. I regret that the election ended without our having a majority to allow that to happen.

Jim Shannon (Strangford) (DUP): Does the hon. Gentleman agree that the common fisheries policy is a clear example of how sovereignty is affected? Days at sea, the number of boats and the quota were reduced. All those things were taken away—we gave them away. Surely we need harder and stronger legislation rather than less legislation. Fishing is a clear example of how things go wrong when we give away sovereignty.

Charlie Elphicke: There is much concern among Members of all parties about the common fisheries policy, the common agricultural policy, the whole thrust of financial policy and all the markets directives from the EU. There is also a general concern about the amount of activism and the way in which the EU stretches out its fingers excessively into our national affairs.

Daniel Kawczynski: Tentacles.

Charlie Elphicke: My hon. Friend is right. However, that is not a debate about the sovereignty of the UK Parliament. It is a concern that the EU has grown too much, extended too far, cost too much and intruded too much into our national life. It should cost less, intrude less and our relations with it should be reworked.

I underline again that I believe that clause 18 is a fair reflection and codification of the current legal position. I do not think that we need it, but I will wear it and live with it. I do not believe that we need to include extra stuff about sovereignty, which is not defined, and has not been defined in the amendments. The best thing we can do is be more straightforward about the need for fewer laws and less interference from the EU.

Mr Wayne David (Caerphilly) (Lab): This Bill, and more particularly this clause, have had a long gestation. In November 2009, the then Leader of the Opposition promised that if his party won power there would be a United Kingdom sovereignty Act

"to make clear that ultimate authority stays in this country, in our Parliament."

He told his party that this was

"not about Westminster striking down individual items of EU legislation",

but that its intention would be to

"put Britain on a par with Germany."

He said that the German constitutional court had consistently

"upheld that ultimate authority lies with the bodies established by the German constitution".

No doubt some Conservative party activists had some reservations about the idea of Great Britain being the same as Germany; nevertheless his proposal was warmly received.

6 pm

As we have heard, the Conservatives went into last year's general election with a manifesto commitment to introduce a sovereignty Bill, but the coalition agreement stated only that the new Government would examine the case for such a Bill. At the Conservative party conference on 6 October last year, the Foreign Secretary stated that the sovereignty Bill would become a sovereignty clause in a wider European Union Bill, and that is what is before us today.

Thomas Docherty (Dunfermline and West Fife) (Lab): Perhaps my hon. Friend has noticed—as I have over the last six months—that there is not much point talking about the manifestos of the parties that are now in government, as it is clear that the very first thing they did on achieving power was to bin their manifestos and try to pretend that they had never existed.

Mr David: My hon. Friend makes a wider, but fair, point. We have seen the evidence of that all too often in the last few weeks.

Mr Nigel Dodds (Belfast North) (DUP): On the issue of manifestos, does the hon. Gentleman regret the fact that his party, when in government, broke its manifesto pledge to give the British people a referendum on the Lisbon treaty?

Mr David: The hon. Gentleman's comments are inaccurate, because we did not give a commitment to have a referendum on the Lisbon treaty; we gave a commitment to have a referendum if there was a constitution, and there never was a constitution.

We have heard a long and well-argued speech by the hon. Member for Stone (Mr Cash). Although many of us on this side of the House would not agree with many of his views, we recognise that the European Scrutiny Committee, and he himself, have done much to ensure that this House will give proper consideration to the Bill. I have to say that I was shocked that the Prime Minister allegedly tried to block the hon. Gentleman's appointment as Chair of the Committee. I was a member of that Committee for several years, alongside the hon. Gentleman, and I was pleased that when this Bill was presented to Parliament on 11 November last year, the Committee immediately announced its intention to conduct an inquiry and produce a report on the sovereignty clause before the Bill's Second Reading. This report was extremely helpful during the Second Reading debate, and I am sure that all hon. Members will also find it useful for today's debate.

I note that it is the intention of the Committee to publish further reports on aspects of the Bill, and I welcome that too. It is important to note that this is the first occasion on which the Committee has conducted pre-legislative scrutiny; I hope that its work is recognised by the Government and that the practice will be more widely adopted. Even more importantly, I sincerely hope that the Government will change the Bill in the light of the Committee's report.

I have two disappointments. The first is that the Government did not allow the Committee sufficient time between First and Second Readings to hold thorough public evidence sessions. Given that the Committee stage of the Bill is being drawn out over several weeks—indeed, we do not even officially know when the other Committee days will be held—it is clear that the Government are in no rush to put this Bill on the statute book. Why then did they not allow the Committee more time for its evidence sessions? Are they afraid of more scrutiny?

My other disappointment is that the Foreign Secretary was not prepared to give evidence to the Committee. If he is so sure that his Bill is as robust as he says, why would he not appear before the Committee, put his case and answer questions? We all know that the reality of the Bill does not match the rhetoric that the Government employed. This so-called sovereignty clause is not what its advocates claim it is. It does not challenge the supremacy of European law; nor should it. It does not alter the nature of European law, change the relationship of European law or elevate the sovereignty of Parliament to a higher level.

In fact, what is most striking about the sovereignty clause is that it does not even mention the word "sovereignty". It is simply a reaffirmation of the status quo. As the explanatory notes admit, this is merely a declaratory clause. It reflects the dualist nature of the UK's constitutional model, by which I mean that EU law has effect in the UK only because of a decision taken by Parliament. In this case, the relevant legislation is the European Communities Act 1972. That is what clause 18 confirms, and as such it is nothing more than an exercise in legislative tautology—a puffed-up reiteration of what the law of the land already states.

So why have the Govt chosen to draft this clause? The reason we have been given is, in part, in the explanatory notes, which explain that in the metric martyrs case—Thoburn *v.* Sunderland City Council 2002—an attempt was made by counsel for Sunderland city council, Eleanor Sharpston QC, who is now the Advocate General at the Court of Justice, to argue before the divisional court that the binding effect of the EC treaty in domestic law depended, in part, on the higher principle of the supremacy of EU law. Eleanor Sharpston argued that the EC treaty did not owe its authority wholly to an Act of Parliament. That doubt, expressed by one individual in one case, is being used by the Govt to try to justify this clause.

Mr Kevan Jones: Does my hon. Friend agree that the case also clearly rejected the notion that EU institutions or legislation could somehow limit the powers of Parliament?

Mr David: Indeed, and that is my next point. Significantly, the argument made by Eleanor Sharpston QC was rejected.

Mr Cash: Does the hon. Gentleman also accept that Eleanor Sharpston has moved seamlessly upwards and has now reached a very eminent position? Does he also accept that the Thoburn case was decided only at first instance, so no one is absolutely sure what would have happened if it had gone to appeal, or if another similar case were brought and those arguments—especially given Eleanor Sharpston's present eminence—were accepted?

Mr David: It is extremely unlikely that her arguments would have been accepted by any legal authority given the categorical rejection of them in that case.

In other words, as Professor Hartley, one of the Committee's witnesses, stated, the metric martyrs—or Thoburn—principle is that

"the position of EU law in the UK and the sovereignty of the British Parliament ultimately depends on British law".

In apparent contradiction of the reference to the metric martyrs case, the explanatory notes say that the Foreign Office itself sent written evidence to the Committee that stated:

"Our own analysis has led us to the conclusion that there is no persuasive legal authority to support the contention that the doctrine of Parliamentary sovereignty is no longer absolute. Our assessment is that, to date, case law since 1972 has consistently upheld the principle of Parliamentary sovereignty. There is no uncertainty here."

Therefore, an argument that the Government accept is irrelevant is the only one that they can advance in their explanatory notes to justify the clause. How ridiculous can things get?

Small wonder, then, that when the European Scrutiny Committee concluded that

"the legislative supremacy of Parliament is not currently under threat from EU law",

most scholars agreed. Moreover, the Committee went on to say:

"we have no reason to doubt that *Thoburn* reflected the well understood and orthodox position, which left the constitutional principle of dualism intact and is unlikely to be overturned".

In view of that assessment, it is hardly surprising that the Government have tried two different arguments. The Minister for Europe said in a letter to his parliamentary colleagues:

"it cannot be denied that the issue has been the subject of legal and political speculation."

We know about the legal speculation. As we have heard, it was dismissed by Lord Justice Laws and even by the Foreign Office itself. But what about the political speculation? Where is that coming from?

We know from evidence submitted to the European Scrutiny Committee by Jean-Claude Piris, director general of the legal service of the European Council—in other words, its legal adviser—that in his opinion clause 18 changes nothing. He believes that it reaffirms the doctrine of UK constitutional law under which EU law has effect in the UK by virtue of an Act of the UK Parliament. Furthermore, he went on to say that the clause is consistent with declaration 17 annexed to the final act of the intergovernmental conference, which concluded the treaty of Lisbon, and with the case law of the European Court of Justice. It is clear, therefore, that there are no threats coming from European Union institutions.

We do not imagine that any of the Government's Conservative Back Benchers have questioned the sovereignty of Parliament, and I can assure the Committee that it has not been questioned by any Labour Members. Can it be, however, that the sovereignty of Parliament has been questioned by the Liberal Democrats? After all, they are the most pro-European party in Britain, and of course a former leader of the Liberal Democrats, the right hon. Member for Ross, Skye and Lochaber (Mr Kennedy), is the president of the European Movement. Furthermore, a former leader of the Liberal Democrats in the European Parliament, Andrew Duff, is a well-known European federalist.

That there is political speculation is one of the new arguments. Another has been suggested by the Minister for Europe in his letter to his own MPs, and more recently was advanced by the Foreign Secretary in *The Sunday Telegraph* at the weekend. He said:

"In its sovereignty clause the Bill also deals with one potential but important problem for the future."

Having accepted that there are no current valid legal arguments, the Government are now pointing political fingers at unnamed politicians, and even suggesting that clause 18 is being introduced because of a hypothetical problem that may, or may not, materialise at some time in the dim and distant future. At the same time, the Government accept that clause 18 is not really needed at all, because Parliament is already sovereign. It is hardly surprising, therefore, that some have referred to the clause as being indicative of the Bill's confusion, contradictions and general lack of clarity.

Mr Redwood: Does the hon. Gentleman think that there is ever the danger that if a sovereign authority gives away too much power, it ceases to be sovereign? That is what happened when the sovereign Crown ceded too much power to Parliament. Is he worried that his party gave away too much power to the EU?

Mr David: I do not believe so. It is important, from time to time and in specific circumstances, to pool sovereignty in the mutual best interests of a collective of states. That is what the European Union is all about.

6.15 pm

Whatever the arguments publicly advanced, we all know the real reason for clause 18. It is the result of the Conservative party's desire to placate its Eurosceptic Back Benchers. As we will see this afternoon, however, the Government have been rumbled. The likes of the hon. Member for Stone and the right hon. Member for Wokingham (Mr Redwood) will not be bought off with flimsy window dressing. In *The Times* this morning, the latter wrote that the Bill is "shadow-boxing" and not a substantive piece of legislation. Interestingly enough, however, the hon. Member for Stone referred to the explanatory notes and the fact that the Government might—he said—be on the verge of rewriting them. Well, that is certainly news to us. If the Government intend to rewrite the explanatory notes, surely it would have been courteous, at the very least, to inform the Opposition of their intention. I look forward to hearing from the Minister whether that is true, and what his intentions are.

Our concern, however, is that the House is spending an inordinate amount of time on a clause that achieves absolutely nothing more than we have already. It is an exercise in smoke and mirrors that is neither here nor there. I have to say, however, that this debate has brought to the fore important issues.

Geraint Davies: Does my hon. Friend agree that if there is a risk to sovereignty it is from this Conservative Prime Minister, who last autumn signed up to EU authorities that, as I said earlier, can impose binding standards on securities, markets, insurance, occupational pensions, banking and systemic risk? We can talk about the words, but what counts is the action, and the actions of the Conservative Prime Minister are not to cling to sovereignty but to give it away.

Mr David: That is an interesting point. The Prime Minister, rightly or wrongly, certainly believes that it is in Britain's national interest to adopt from time to time measures that he perceives to be in Britain's national interest and then to encourage Parliament to follow suit. We have to decide whether that is the case—but that is another debate.

The debate has brought to the fore a number of important issues. I am thinking in particular of the extremely important argument made in the European Scrutiny Committee's report on the true nature of the threat to parliamentary sovereignty. The objective evidence presented by the Committee to the House leads it to conclude that

"if the legitimate supremacy of Parliament is under threat, it is from judicial opinions in other areas of law",

not EU law. That is true. I am thinking in particular of the Jackson case of 2004, which concerned the constitutional validity of the Hunting Act 2004, and in which three Law Lords indicated that in certain circumstances the courts had inherent powers to disapply legislation.

I am worried that the Government do not appear to recognise that there is a real debate taking place on this issue between those who argue that the absolute supremacy of Parliament remains unqualified—as explained by

[Mr David]

Dicey, the British constitutional scholar—and those who believe that sovereignty of Parliament is a construct of common law. According to those who hold this view, the sovereignty of Parliament is open to revision by the courts. In the Bill's explanatory notes, the notion of parliamentary sovereignty as a construct of common law is expressed as though it were a matter of fact and entirely uncontroversial. Similarly, a one-page note on the Bill produced by the Foreign and Commonwealth Office states:

"there is a common law principle that the UK Parliament is sovereign".

It is dangerous to view the legislative supremacy of Parliament as an offshoot of common law, because it means that the principle will vary according to the judicial whims of judges at any given time.

Mr Cash: I am somewhat encouraged by the Opposition's line of argument because, as I explained in my speech, my amendment 10, which deals specifically with excluding the common law principle, does not derive entirely from the explanatory notes but—as the hon. Gentleman has just reminded us, and as we knew from evidence to the European Scrutiny Committee—from the fact of judicial trends, which will not go away. Whatever happens to the explanatory notes, we are still left with a problem, and I believe that the Foreign Office has known this all along.

Mr David: The hon. Gentleman might well have a point. This is something that has to be looked at carefully. I am mindful of the fact that although we are in Committee today, this is not the end of the process. I am sure that we will return to the issue on Report.

It appears that the Government hold the view that parliamentary supremacy is a construct of common law. However, if that is the case, it could be argued that parliamentary sovereignty could be qualified by the courts and that this would not be opposed by the Government. Professor Tomkins, who has been referred to already, is the distinguished chair of public law at the university of Glasgow. He submitted extremely important written evidence before the European Scrutiny Committee and gave extremely significant oral evidence. Let me be clear: Professor Tomkins is not anti-European. He specifically said in his written evidence that he considered that

"it is in the United Kingdom's clear interest to remain a committed member of the EU."

However, he expressed his concerns to the European Scrutiny Committee about the supremacy of Parliament and common law as follows. Referring to the Jackson case, Professor Tomkins said:

"one of the things that that case most sharply and, to my mind, alarmingly indicates is that even our highest court, as was, is not sure what to do with parliamentary sovereignty. It isn't sure what the legal basis for parliamentary sovereignty is. It isn't sure how much parliamentary sovereignty is under challenge. It isn't sure how much parliamentary sovereignty continues to represent the group 'norm' or the 'bedrock' or the 'keystone' of the constitution—all of those words are used.

The reason why the Jackson and the Attorney-General case is so long…is that so many of the judges who decided that case…wanted to use the case as a vehicle for the expression of a bewildering variety of different views about the past, present and future state of parliamentary sovereignty. The case, I think, is authority for not much, but it is authority for the proposition that we have the right to be concerned about what is going to happen to parliamentary sovereignty in the hands of the courts."

That is a powerful statement, and all of us who believe in the importance and the supremacy of Parliament should take note.

As I have tried to argue, the Opposition believe that clause 18 is otiose and unnecessary. It is purely declaratory and merely reaffirms what is widely understood to be the legal and constitutional position regarding the application of EU law in the United Kingdom.

Martin Horwood: I am rather confused about the Labour Front-Bench position. Having apparently endorsed the fear that there is judicial mission creep, the hon. Gentleman now seems to be rejecting a clause that seeks to resolve that issue. What exactly is the Labour party suggesting? Would it propose an alternative clause, or would it prefer that the Bill did not exist? What is the Labour position?

Mr David: I am just coming to the amendment that we are proposing, which would allow an opportunity for the issues raised by the hon. Member for Stone and others to be considered in a rational and thoughtful way. In the spirit of generosity, we accept that others may have genuine doubts. That is why we tabled amendment 52, which would ensure that the Secretary of State made an annual report—*[Interruption.]* The Deputy Leader of the House has read our amendment. Well done. Amendment 52 would ensure that the Secretary of State made an annual report to indicate whether parliamentary sovereignty had been challenged or questioned in the British courts or the European Court of Justice. Our amendment spells out in clear terms the duality principle, whereby the law of the European Union is totally dependent on the European Communities Act 1972. We see such a report being presented to Parliament and being voted on annually.

Martin Horwood: With all due respect to the hon. Gentleman, I shall have to restate my question. I was not asking whether he was proposing a report to find out the Secretary of State's position; I was asking him what the Labour party's position would be. What would he want in that report? What would he expect?

Mr David: We would want an accurate reflection of what has been happening in the British courts and the European Court of Justice. I want to see the objective evidence presented to us. It is interesting that we have not heard from the Government in this debate as to whether there is more justification than what they have so far presented to us. I suspect that there is none, but there are many Conservative Back Benchers who believe that there is ample evidence. What I am saying is that there is certainly an indication that there are more things to be considered.

Chris Heaton-Harris (Daventry) (Con): The hon. Gentleman will know from his time as leader of the Labour MEPs that for those of us who are concerned about sovereignty in the United Kingdom, there is another problem—the mission creep that is omnipresent in the European Parliament across most political groups, including the European socialist group, which is probably the worst in that respect. Does he not believe that if his amendment were to have any weight and value, it would be worth looking at mission creep from the European Commission and the European Parliament as well?

Mr David: I am not sure what the "mission creep" that the hon. Gentleman is talking about really is. We have been talking about the sovereignty of the British Parliament, and we are pretty clear that the European Union exercises its powers through European law in this country by virtue of an Act of this Parliament. That is undeniable, and it is an important principle on which I hope every Member of the House would agree.

I fully appreciate that many Members of the House have sincerely held concerns. Although we would argue that some of those concerns are exaggerated, we should nevertheless have an annual review—an annual report, an annual debate and, yes, an annual vote. If it can be shown that the sovereignty of Parliament is being questioned or challenged in the courts, either at home or abroad, we will have a strong basis on which to act.

Martin Horwood: I am hoping that my persistence will pay off. The hon. Gentleman appears to be saying that on the one hand, clause 18 is otiose and, according to all the eminent sources to whom he has referred, that there is no particular threat to parliamentary sovereignty. However, he also seems to be conceding that there is some generalised concern, because he is calling for an annual debate and an annual report on the subject. Let me once again ask: what would the Labour party do? Would it also suggest such a clause? Is the hon. Gentleman suggesting that we should restate parliamentary sovereignty in statute or not?

Mr David: The hon. Gentleman is making hard work of this—or perhaps he is not listening as carefully as he might. Our starting point is that we would not have this Bill in the first place. We would be talking about the issues that really matter to the people of this country and the people of Europe. Nevertheless, we recognise that we are in the here and now. The Government have introduced the Bill, dedicating much parliamentary time to it, and, as a good Opposition, we are determined to make the best of it. We are simply saying that, on the face of it, there is no case for clause 18. However, we have respect for the concerns that have been expressed, both here and elsewhere. We are saying that we should be careful to take into account all the points that are expressed, clearly and effectively. However, let us not dwell on them on a one-off basis and make a definitive decision here and now; let us instead have an ongoing process, with an annual review and an annual report. Let us ensure that the Government are fully accountable to the House of Commons. That is a straightforward position.

Mr Bone: The hon. Gentleman is making a well-constructed speech, but I want to ascertain the official Opposition's view on this. If they believe that clause 18 is superfluous and should not be in the Bill, does that mean that they will vote against clause 18 stand part?

6.30 pm

Mr David: The hon. Gentleman will have to wait and see what the Opposition decide to do. As true democrats, one of the things that we want to do is listen to the debate. We are not entering into the exercise with a closed mind, and that is why we have tabled our amendment. We want to ensure that the debate does not finish here and now, but continues throughout the Bill's progress through Parliament. I referred to Report stage earlier.

There is also the important issue of parliamentary sovereignty and all the complex ramifications involved. An ongoing debate has been started by the Government, but let us ensure that we have an annual debate on this matter in the House, based on a report produced by the Government. I very much hope that the House will accept our amendment. There may be different views on the conclusions that such reports would reach, but let us all recognise that the way to have an effective debate is to have an annual debate based on an annual report.

Many points have already been raised today, and I have listened carefully to the arguments, particularly those put forward by the hon. Member for Stone. I urge all colleagues to think carefully about supporting amendment 52. Clause 18, as it stands, means nothing from any point of view, but our amendment would make it far more meaningful. If our amendment is not successful, clause 18 will take us forward neither a millimetre nor an inch. As it stands, it is a bland restatement of a law that already exists. European Union law is enforceable in the United Kingdom only because of legislation made by this Parliament. That is a self-evident truth and, with or without clause 18, it will not be altered.

Mr Redwood: The Crown was sovereign once. It is intriguing that we are more than two hours into this debate but so far we have talked only about parliamentary sovereignty, even though the sovereignty technically still belongs to the Crown in Parliament. We all know about the events that took place over several hundred years, particularly when they were accelerated during the 17th century revolution and crisis. There was a large transfer of power from the Crown to Parliament. When a sufficiently large transfer of power takes place from someone who was sovereign to those who would be sovereign, a point is reached at which that sovereignty passes because enough power has been surrendered and the arrangements have changed sufficiently.

As other Members have suggested, we need briefly to look at how that very big transfer of power occurred in the 17th century from the Crown to Crown in Parliament and, in due course, effectively to Parliament standing on its own. One important factor was that Parliament was very good at aggregating power to itself. In those days, it decided to be very nice to bankers, which worked very well for it, because it got the City of London and the men of finance on its side. In those days, the English Navy did not have French ships in it, and Parliament made sure that it responded to the English Parliament. Parliament also took the precaution of hiring and training and paying—something quite unusual in those days—the best army in the country. It got over the problem of competing armies and, in due course, established that it had military power and could command the Army.

Parliament also needed to deal with the judges. It was established during the revolutionary period that judges were necessary and that, according to our current tradition, they had to be independent and should not interfere in parliamentary matters by trying to make the law. They simply had to deal with the law as Parliament provided it. We therefore eventually ended up with a very powerful Parliament.

[Mr Redwood]

In the 19th and 20th centuries, Parliament did something that everyone in the House is now united in admiring: it made the exercise of power by Parliament a democratic matter by extending the franchise until practically every adult in this country was able to participate in elections. That gave Parliament the authority of having a democratic voice and mandate. The question that we are debating today is whether that great democratic settlement, in which most Members believe, is now under threat from judge-made law, from European-made law and from other centres of power. Could parliamentary sovereignty come under pressure in the not-too-distant future? Is it being damaged because too much power is being transferred? These questions account for the nervousness, certainly on the Conservative Benches, about the degree of power that has already been surrendered by successive Parliaments over the years, particularly under the most recent Government following the treaties of Nice, Amsterdam and Lisbon. Under those treaties, a large number of areas were transferred either to joint decision taking or to sole European decision taking.

That means that the exercise of power in many important areas of activity, including regulation, the expenditure of money and the provision of public services, now emanates from the continent. Those powers are trying to establish their own democratic credibility through the European Parliament. They are also trying to establish their own judicial credibility through the European Court of Justice, and their own administrative credibility by strengthening the powers that are exercised around the various collective corporate tables that constitute the ever-evolving, and ever more powerful, European Union settlement.

The nub of our debate today is whether there is something that this Parliament could and should do, no matter how much power has passed, how many decisions are taken through the European Union and how much money it now takes to itself and spends on our behalf, to make it clear that, should we want those powers back, we can have them back. If we wish to change or moderate what the European Union is doing, do we have every right to do so because we are still the sovereign?

Some of us fought long and hard to keep the currency under British sovereign control. These arrangements involve a British sovereign and preserve the settlement of the Queen in Parliament, and the Queen's face appears on the banknotes of the realm, but we all know that they are Parliament's notes and that they represent an expression of parliamentary sovereignty. Indeed, it was this very Parliament that, by a majority, approved the previous Government's decision to print a lot more of those notes—or electronic notes—as an expression of what that sovereignty can do for the people of Britain. We can argue about whether that was a good thing or a bad thing, but it was an undoubted expression of sovereignty.

Kelvin Hopkins: Wisely, Britain already has a number of opt-outs from the European Union. I am thinking specifically of the single currency; it was to the great credit of our former leader that he kept us out of the euro. Would not a test arise, however, if Britain decided to opt out of something that we currently opt into? For example, if we chose to withdraw from the common fisheries policy and to place our own historic fishing grounds under democratic British control, would not that represent a test of our sovereignty?

Mr Redwood: Indeed; the hon. Gentleman makes a powerful point. I, too, would like us to opt out of the common fisheries policy. I would like us to elect a Government in this country who had the necessary majority to go off to Brussels and say, "It is now the settled will of this Parliament that we want different arrangements for fishing, and if you will not grant them through the European Union arrangements, we would like to negotiate our exit from the common fisheries policy." That is exactly the kind of renegotiation that many of my hon. Friends were elected to achieve, and, had we had a majority, we would have wanted our Government to do something like that. There are a number of other policy areas, some of which are more politically contentious across the Floor of the House, where we think we can make better decisions here than are being made in our name by the European Union.

If such renegotiations could be achieved, we would clearly have reasserted, or asserted, the sovereignty of our Parliament. If, however, they can never be achieved, it is difficult to see how Parliament could still be sovereign. If we are saying that nothing can ever be changed once it has been agreed under the various procedures in Brussels—including the many measures that the British Government did not want or on which they were outvoted—we cannot say that we are sovereign any longer. We would then be in a relationship with the European Union that would fall short of our preserving parliamentary sovereignty.

Tonight we are discussing a narrower, but crucial, legal issue that has been well highlighted by my hon. Friend the Member for Stone (Mr Cash) and the European Scrutiny Committee, whose perception is first class in informing the debate. I do not need to repeat all those arguments. Suffice it to say that I support the important amendments proposed by my hon. Friend. As I understand it, we have a Government who say that they wish to do all they can to reassure people in this country that we are and intend to remain sovereign. They do not wish to pick a fight with Brussels, and we are not asking them to do so tonight. They say, however, that should a disagreement arise in future that cannot be resolved through the usual channels, it will be settled here. I am very much in favour of that; it seems to me to be a wholly admirable and sensible place to take the debate. If that is the intention, it proves that Parliament is still sovereign.

We are arguing only about the words used to carry out that intention. It is one of those rare magic moments when the Conservative party is completely united on its intentions. The Government's intention to reassert parliamentary sovereignty warms the cockles of Conservative Members' hearts. It is wonderful to know that in another debate we can have a referendum when anything important happens. There may be some arguments about what is important, but we welcome the spirit. Again, we are at one with our Government.

When eminent lawyers and colleagues who have studied this matter at much greater length than I have say to the House that they have studied it carefully, that they have what sound like moderate and sensible words that basically

repeat the Government's policy and that it would be helpful if those words were written into the legislation, my feeling is—unless the Minister has a very powerful speech coming up—what is wrong with that? If the Minister wants to reassert parliamentary sovereignty, why cannot we just say that in the Bill? It is exactly what my hon. Friend says—it does not seem difficult, so will the Minister please humour us on this occasion?

The fact remains that if we succeeded in amending the Bill in this way, we would not be truly sovereign in future unless we had the will and determination to shape our own destinies, should the need arise. I hope we can do it by agreement. Any sensible person wishes to do it by agreement, given how far we are in this thing with our European partners and what a mess they are in.

Martin Horwood: The right hon. Gentleman makes an eloquent case. He and I might disagree on whether we want to withdraw from the common fisheries policy, but would he have seen any constitutional bar to that taking place had a Conservative majority Government taken office? Surely, if this was in the manifesto, he must have believed that it was possible to achieve it under the present constitutional arrangements.

Mr Redwood: Withdrawal from the common fisheries policy was not in the manifesto, although it might have been in the personal manifestos of some of my right hon. and hon. Friends. I gave it as an example because I believe it has a great deal of cross-party support. Most people think the common fisheries policy is extremely badly run and is not in the interests of the fish or the fishermen. Casting all those dead fish back into the sea is not my idea of conservation and it does not bring cheap fish to the fish market either, so it does not seem to be good news.

Successive Governments have always said that they quite agree with those of us who make such points, but they have never managed to negotiate a better deal. Would it not be wonderful if the Government said, "If we cannot negotiate a better deal next year, we will use British parliamentary sovereignty to pull out of the CFP"? I would like to do that and I do not think it would be tantamount to leaving the European Union. It would be pretty cross, but it would probably do a deal with us because it would be more embarrassing to have a sovereign Parliament taking unilateral legislative action than to do a deal. I hope the EU would do a deal; it would be sensible for it to do so.

If we are not prepared at some point to assert our power, we lose our sovereignty. Just as the Crown lost its sovereignty, became the Crown in Parliament and eventually lost practically all its real powers, so this Parliament is losing its powers. If it goes on losing them, without sensible provision being made of the kind proposed by my hon. Friend the Member for Stone and without at some point standing up for a better deal for Britain, this Parliament, too, will no longer be sovereign.

Mr Kevan Jones: I congratulate the European Scrutiny Committee on its excellent report. I commend it for the clarity with which it looked at the Bill and for the evidence it took. I concur with my hon. Friend the Member for Caerphilly (Mr David) that it was disappointing that the Foreign Secretary did not deem it necessary to come before the Committee to explain why this Bill is so important.

Basically, the Bill is a dog's breakfast. It is full of contradictions. On the one hand, it tries to constrain the sovereignty of Parliament by committing future Parliaments to referendums; on the other, through clause 18 it tries to put on the statute book support for parliamentary sovereignty. Clause 18 makes no difference whatever. That is the important point to be made here, and one that was made in the excellent European Scrutiny Committee report.

The reason for the Bill and for clause 18 was evident in some of the earlier contributions, particularly in the speech of the hon. Member for Dover (Charlie Elphicke), who is no longer in his place. It is to placate the Eurosceptic wing of the Conservative party—something that it is completely failing to do, judging by the smiles on the faces of some Opposition Members and by some of the earlier contributions.

6.45 pm

There is a wider issue, which is that the Prime Minister has now been caught out. He tried to reposition the Tory party as no longer the nasty party, so he needed to adopt a more positive policy on Europe. The number of Members going through the Lobby to support the amendment moved by the hon. Member for Stone (Mr Cash) will unmask the fact that many Conservative Members want withdrawal from Europe. I completely accept that people have that view, although it is not one I agree with. It is an honest approach, but if people were being really honest tonight, they would not merely propose amendments to this feeble and unnecessary clause, but say what they really want, which is withdrawal from the European Union.

It is important to recall the European section of the Conservative manifesto. As I said earlier, it has either not been read or has been read selectively by some Members—the hon. Member for Dover could not remember that he had given a strong commitment to be a positive member of the EU. The Conservative manifesto states:

> "The European Union has a crucial part to play in enabling the countries of Europe to meet these great challenges of the 21st century. A Conservative Government will play an active and energetic role in the European Union to advance these causes."

The Conservatives also made a clear commitment—it has clearly now been ditched—to bring in a sovereignty Bill. Page 114 of the manifesto states:

> "We will introduce a United Kingdom Sovereignty Bill to make it clear that ultimate authority stays in this country, in our Parliament."

Nothing could be more unequivocal, but it has now been ditched; instead, we have clause 18. It tries to give the impression—rather like the great Tory Lady did in her handbagging of Europe—that the Conservative party was going to be tough on Europe. Clearly that is not the case, as the policy has been ditched in the coalition agreement. I know from talking to some Conservative Members that they suspect that European policy is yet another thing that the Conservative party has had to sacrifice in its shotgun marriage with the Liberal Democrats.

Mr Brian Binley (Northampton South) (Con): Without diverging too much, may I ask the hon. Gentleman what he would have wanted if his shotgun marriage with the Liberals had occurred as the Labour party wished?

Mr Jones: If the hon. Gentleman had spoken to me a couple of days after the general election, he would know that my views were very clear—that under no circumstances would I want a union with the Liberal Democrats. Part of me feels sorry for individual Conservative Members as they have to work with a party with which they are not at all comfortable and sacrifice some things that were very dear to them.

Mark Reckless (Rochester and Strood) (Con): On this side of the House, we work with the Liberal Democrats, and there is one aspect of their manifesto on which my Conservative colleagues—certainly those on the Back Benches—are happy to work, and that is their very clear manifesto commitment to an "in or out" referendum on the EU.

Mr Jones: If there is a referendum, it will be interesting to observe the actions of the coalition. As on many other occasions, it will behave rather like Dr Dolittle's pushmi-pullyu. Let us be honest: the hon. Gentleman and others are unlikely to agree with the Liberal Democrats on most European issues, given their clear view that nasty foreigners across the water are somehow doing terrible things to this Parliament and this country.

Mr MacShane: Is there not an alternative reading of the manifestos? The Liberals' "in or out" referendum offer led to their losing five seats, while the Conservatives' isolationist sovereignty Bill offer led to their failure to secure a majority. I suspect that if the Conservatives had remained true to their vocation of being internationalists, they might have secured that majority. It was their Euroscepticism that gave them only 303 seats. That is an alternative reading of all the figures that have been given.

Mr Jones: I imagine that it is, but the real point about the modern Conservative party is that it has not changed. It is virulently anti-Europe. At the time of the election, however, the Conservatives had to give the impression that they had put all that behind them.

Another view—amplified by the hon. Member for Dover—is that these nasty people in Europe do things to Britain in which our Parliament has no say, and that if we do not stand up and make token gestures such as this, those nasty foreigners will take away the rights that we have developed over many centuries. It should not be forgotten that, early in this country's history, the Norman invaders spoke Norman French, and for a long time northern France was part of England.

Thomas Docherty: The hon. Gentleman has made a compelling point about Conservative Back Benchers, but is not part of the problem the fact that the Notting Hill set—the Prime Minister, the Chancellor and the Foreign Secretary—agree with the Liberal Democrats more than they agree with their own party? That may be why the Prime Minister has been so enthusiastic about spending much more time with the Deputy Prime Minister than with fellow members of the Conservative party.

Mr Jones: I would not wish to encroach on private grief—

Mr MacShane: Private pleasure!

Mr Jones: In some cases, possibly. However, it is clear that some members of the Conservative party feel more comfortable with Europe than many of those who are present this evening.

It is important to establish what clause 18 does and does not do. Members who have not read the report from the European Scrutiny Committee will find the details well worth examining. According to paragraph 81:

"Clause 18 is a reaffirmation of the role of a sovereign Parliament in a dualist state, nothing more, nothing less."

The suggestion in the explanatory notes that—as has already been said—clause 18 will put an end to the notion that these nasty Europeans will do things to us is not justified.

Kelvin Hopkins: I did not intend to intervene, but my hon. Friend keeps talking about "nasty Europeans" as if this were an international issue. May I suggest to him that criticisms of the European Union, rather than of Europe, are strong among working people in Europe, including trade unionists? That is evidenced by the referendum defeats incurred by Europhiles who have tried to push through measures that are unacceptable.

Mr Jones: I entirely agree. I am another of those who are willing to criticise European institutions on grounds of waste and the untransparent way in which some things are done. The fact is, however, that—as has been made clear today—some Conservative Back Benchers, along with mainstream Conservative associations, believe that Europe is a thoroughly bad thing. I am sorry, but I do not share that view.

Andrew Bridgen (North West Leicestershire) (Con): Does the hon. Gentleman agree that the duty of every elected Member of the House of Commons is to defend and protect the sovereignty of this Parliament?

Mr Jones: I think that the duty of the elected House of Commons is not to try to hoodwink the public into believing—although the sovereignty and primacy of the House of Commons are self-evident—that the Bill will bolster our credentials, when that is clearly not the case.

Members who really want to change things, and to prevent the primacy of EU legislation, should try to amend the European Communities Act 1972. EU law is enacted by this Parliament, although anyone listening to some hon. Members today and some commentators outside might believe that it had no role in it whatsoever. The primacy of EU law over national law is clearly enshrined in the 1972 Act, which was passed by this Parliament. It can also be amended by this Parliament. I should be happy for those who obviously do not wish us to remain in Europe to table an amendment to that effect—that would be the proper thing for them to do—but clause 18 merely reiterates what is already there, as has already been pointed out by my hon. Friend the Member for Caerphilly.

As the European Scrutiny Committee in paragraph 82 of its report states,

"Clause 18 does not address the competing primacies of EU and national law."

The idea that passing the clause would somehow enshrine, or protect, the sovereignty of the House is complete and utter nonsense. Paragraph 82 continues:

"The evidence we received makes plain that these two spheres of law coexist, usually peacefully, clashing occasionally. When

they do clash, neither side gives way. The Court of Justice of the EU maintains that EU law has primacy over national law, including national constitutional law."

That is clear from the ruling in the case of Thoburn *v.* Sunderland City Council.

I find it disturbing that some Members appear to believe that the courts have no role in the interpretation of law. As one of my hon. Friends observed earlier, the laws that we pass in relation to Europe are interpreted over time, and that is the role of the courts. It would be completely wrong for Parliament to interfere directly in the interpretation of a law once it had been passed. European law is no different from other laws in the sense that there are various possible interpretations of it. The Thoburn case made it clear that European law could not direct what the House of Commons could do in terms of making its own laws.

Kelvin Hopkins: Like my hon. Friend the Member for Rhondda (Chris Bryant), who is no longer in the Chamber, my hon. Friend has made a point about lawyers' interpreting law and having scope to do so within statute. Parliament does not deliberately leave scope for lawyers to interpret the law—it tries to make its legislation fairly precise—but sometimes it is not precise enough, and at that point the lawyers intervene to interpret it. Parliament does not deliberately make laws open-ended so that lawyers can have a field day.

Mr Jones: No, but it has been suggested that the courts should have no role in the passing of laws, and I simply do not agree with that, although I accept what my hon. Friend has said.

There is a danger that amendment 41, and indeed new clause 1, will enable lawyers to interpret the meaning of "sovereignty", and that the clearly defined roles and sovereignty of the House of Commons will be interpreted by judges, which would be wrong. Clause 18 has been tabled purely for political reasons, to placate people such as the hon. Members for Wellingborough (Mr Bone) and for Harwich and North Essex (Mr Jenkin), but I doubt that it will placate them in any way, and I believe that it poses a grave danger

Mr Bone: I have had no information from the Prime Minister or the Minister for Europe that this was in any way brought in to placate me.

Mr Jones: Knowing the hon. Gentleman's record, I would have thought the Prime Minister would have given up on him a long time ago. If he is waiting for the call for the red box and the car, I think he will be waiting a very long time.

Mr MacShane: No cars.

Mr Jones: Well yes, but funnily enough we still see many cars parked outside this building.

The important point about the Thoburn *v.* Sunderland City Council case is that the council attempted to assert the primacy of EU law and EU legislative and judicial institutions but that was rejected, and that is the case law that is now in place. Therefore, although Eurosceptics in this House and commentators outside suggest that somehow these laws are coming from Europe and they are imposed on us and we have no control over them, that is not the case, so I do not see why we need this point to be reinforced through clause 18. To be fair to the European Scrutiny Committee, it makes the good point that the Thoburn case sets out the law as it is currently interpreted.

7 pm

Chris Heaton-Harris: I understand the hon. Gentleman's argument, but does he not agree that the European Court of Justice has been saying for decades that it believes it has been creating a new legal order—I cite the Van Gend en Loos judgment of 1963—and we entered into that through the European Communities Act 1972? Therefore, we have already impinged to some degree on our parliamentary sovereignty.

Mr Jones: The hon. Gentleman needs to realise that it was this House that passed the 1972 Act that took us into that. If we want to amend it, we can do so by treaty. We could also have said at the time that we were not going to accept certain parts of the treaty negotiations. However, it is not the case that some far-off distant land is imposing things on this country. I know Conservative Members do not like the 1972 Act, but at least it was this Parliament that passed it. That is the important point.

This topic was covered by the European Scrutiny Committee, which says:

"If Parliament wills it may legislate to override the European Communities Act 1972 or the EU Treaties by repealing them"

or

"amending them".

Bob Stewart (Beckenham) (Con): I am slightly foxed. Does not sovereignty mean that if we do not like it, we do not do it, and if we cannot do it and we do not like it, we can change it? Is that not implied by the 1972 Act that was passed by this Parliament? Therefore, if we do not want to do it, this House is sovereign and will not do it. Is that not what we are talking about?

Mr Jones: There is a mechanism by which the House can do that. That mechanism is to amend the 1972 Act or the subsequent treaties. I know it might disappoint the hon. Gentleman to hear this—although perhaps his local association is one of the most pro-European—but we must explain to people how the system through which European law becomes national law in this country actually works. It is not the case that it arrives in an envelope on the Prime Minister's desk one week, and then it is just adopted. Different countries interpret and combine European legislation and laws into their national legislation in different ways, and in the past our country has been accused of gold-plating certain regulations and other measures.

It is not the case that sovereignty is endangered by Europe. There are powers open to us to change the treaties or Acts if we wish to do so. It is strange that there is a later clause in this Bill on referendums. Strangely, it will bind future Governments and Parliaments to referendums on a range of issues. That is trying to look too far into the future, and many people might object to such a future referendum.

Andrew Bridgen: On the hon. Gentleman's point about the clause on referendums and looking too far into the future, does he not agree that that measure is in place

[Andrew Bridgen]

because we are in fact looking into the past as the last Government refused the people the referendum that they had promised?

Mr Jones: I do not want to go down that route, but I think that point has already been dealt with very well. We did not do what we are being accused of having done. *[Interruption.]* I do sometimes worry about some Conservative Members, as they must have to lie down in a darkened room and take sedatives after having got themselves so frothed up and excitable about the Lisbon treaty somehow being the end of the world as we know it. Unfortunately for them, the end of the world has not happened because of the implementation of the Lisbon treaty.

Mr MacShane: For the sake of some of our new distinguished colleagues, it might be worth while if we remind ourselves that a promise was made on a referendum on the constitutional treaty, but that was killed by the French and the Dutch. The right hon. Member for North Somerset (Dr Fox), who is now Secretary of State for Defence, said at the Dispatch Box that he was a doctor and he knew death when he saw it. That constitutional treaty is dead, and we cannot have a referendum on a dead parrot.

Mr Jones: I am sure, however, that some Conservative Members would have such a referendum if they could — although I would not like to challenge some of them to do that. *[Interruption.]* No, I do not want to go down that route.

The Temporary Chair (Mr Roger Gale): Order. I hold to the strong belief that if I wait long enough we shall return to clause 18.

Mr Jones: My mind has been set off with thoughts of my right hon. Friend the Member for Rotherham (Mr MacShane) doing various things with dead parrots, but I shall try to resist any temptation to go down that route.

The European Scrutiny Committee was clear about clause 18:

> "Clause 18 is not a sovereignty clause in the manner claimed by the Government, and the whole premise on which it has been included in the Bill is, in our view, exaggerated. We are gravely concerned that for political reasons it has been portrayed by the Government as a sovereignty clause in correspondence and also in the Explanatory Notes".

I would be concerned if, because of what has been said tonight, the explanatory notes are amended during the Bill's passage, because that might mean we do not have proper explanatory notes, and it might have an impact on our being able to scrutinise the Bill thoroughly.

The Committee also states that the Foreign Secretary was so confident of this clause that he would not appear before the Committee. I think that is wrong. To ensure that the Executive are properly scrutinised, Cabinet Ministers should appear before any Select Committee or inquiry that invites them to do so, and I cannot understand why he chose not to do so on this occasion.

Graham Stringer (Blackley and Broughton) (Lab): I agree with my hon. Friend that clause 18 is a smokescreen to stop the real debate taking place both in this House and the country. Does he agree that we will not establish a real position to the satisfaction of the electorate until we either allow the electorate to have a referendum on some of the big issues to do with Europe and the European Union or one of the three main parties puts in their manifesto a genuinely more Eurosceptical position that is even more in line with the majority view in this country?

Mr Jones: Yes, but interestingly, as my right hon. Friend the Member for Rotherham mentioned, the Conservatives failed to do that. Obviously, they were trying to decontaminate the Conservative brand and thought that one of the elements of doing so was not saying nasty things about Europe. I must make it clear to my hon. Friend that if any major constitutional changes in respect of Europe are made in future, referendums will be important. The hon. Member for Dover hinted that every so many years we should have a fundamental referendum on whether we are in or out of the European Community. That is completely wrong and does not help this country's standing in Europe. We have a settled position in Europe and it would be best if we moved on to dealing with what is important for people on Europe. As my hon. Friend said, that is about what Europe delivers for this country and issues associated with accountability and transparency, which need to be addressed.

Amendment 41 states:

> "The sovereignty of the United Kingdom Parliament in relation to EU law is hereby reaffirmed."

If we are reaffirming this sovereignty, we are starting from the premise that it already exists. I am not sure, but the phrasing of the amendment may belie the fact that sovereignty is in no danger from Europe. The fudge in the Bill was included because of the coalition agreement or because once the Foreign Office lawyers got hold of the Conservative manifesto they realised that what was being promised in a sovereignty Bill was complete nonsense. It was obviously very useful for political purposes but was not needed or enforceable in terms of what is in place at the moment.

Andrew Bridgen: Is the hon. Gentleman asserting that when people reaffirm their marriage vows they are not actually married already?

Mr Jones: The hon. Gentleman seems to have completely misunderstood the point that I was making. If someone is reaffirming something, be it marriage or, in this case, sovereignty, they recognise that it was there in the first place. So I cannot see the point of what he is trying to say.

Clearly, clause 18 has come about for political reasons. An honourable attempt is being made to get at least something out of the clause through the proposal for annual reporting. Amendment 52 states:

> "The Secretary of State shall prepare an annual report on the extent to which in the previous 12 months the provisions of subsection (1) have been challenged or questioned in the courts, including the European Court of Justice, identifying any challenge to the declaration contained in that subsection that the status of EU law is dependent on the continuing statutory basis provided by the European Communities Act 1972."

That would at least ensure that we would be dealing with facts, rather than what we deal with on many occasions in the press and, increasingly, from Eurosceptic members of the Conservative party. They believe that if something is said enough times, people will believe it.

Mr Richard Shepherd (Aldridge-Brownhills) (Con): It seems that the hon. Gentleman missed long passages of the speech made by my hon. Friend the Member for Stone (Mr Cash). One of the reasons why he argued that there was a need for the words that the hon. Gentleman found mystifying was because of judicial activism. My hon. Friend's report, which the hon. Gentleman admired, cites Lord Hope and his comment:

"Our constitution is dominated by the sovereignty of Parliament. But Parliamentary sovereignty is no longer, if it ever was, absolute...Step by step, gradually but surely, the English principle of the absolute...sovereignty of Parliament which Dicey derived from Coke and Blackstone is being qualified."

The rule of law enforced by the courts is the ultimate controlling factor on which our constitution is based. Therefore, this is not just declaratory; it is a response to what is happening.

7.15 pm

Mr Jones: I had moved on to dealing with a new point, but I am willing to go back. I am glad that the hon. Gentleman raised that point, because I can now mention a couple of issues in response. First, any law passed in this country will be interpreted by the courts. If they do something that we do not agree with, this House has the power to change it. The danger with including the sovereignty argument in clause 18 is that courts would then have debates about sovereignty, and that would be strange. How would this House then be able to change the law or interpret a court's interpretation of sovereignty?

Jacob Rees-Mogg (North East Somerset) (Con): I believe that what Lord Hope is saying is that this House could pass an Act that was not, in itself, lawful. What amendment 41 would achieve is a reassertion of the fact that this House could not do anything of the kind and that any act of this House is superior to any judgment of any court. If these arrangements are based on the rule of law, rather than the supremacy of Parliament, the judges could always overrule Parliament, and that is extraordinarily dangerous.

Mr Jones: Judges often do overrule Parliament on the interpretation of the law. The danger of going down the line that the hon. Gentleman is suggesting is that we might be saying that when we pass a law it could never be challenged or changed. Would we be saying that every law passed in this Parliament is perfect and will never be in need of amendment or interpretation? As has been said, the entire case law of this country and the way in which we have developed laws in this country has resulted from people challenging laws, including in terms of European legislation. The Thoburn v. Sunderland City Council case clarified the position. I am not a lawyer, but I have employed many lawyers over the years at great expense and so I know that they will argue different ways around things. Sometimes they will do so to make a point, but on other occasions they will do so to get their fees up. On laws such as this or on health and safety legislation, which was the area that I was involved in, case law precedents always develop. In the cases I was involved in, that went on to bring justice to many people who had been involved in the asbestos industry. The important question is: do we really want judges to start giving interpretations of sovereignty? That is the danger in what the hon. Member for Stone is proposing in his amendment.

May I return to what I was discussing before I was interrupted by the hon. Member for Aldridge-Brownhills (Mr Shepherd)? I am always pleased to take interventions from him because, as he knows, I am a great fan. Amendment 52 would be useful, not only for the debate, but as a safeguard. If we were in a situation where we thought that European law was somehow infringing on not only the rights and liberties of our citizens, but the activities of this House, it would be important. This is not an ideal situation. The Government are always talking about unnecessary legislation and it is possible that this entire Bill is just that. Clause 18 certainly is unnecessary because it simply declares what is already the case. That is an important point. There is an idea that the Government have dressed this up and that they are going to make some great fundamental change or are going to protect against any changes in European law, but that is not the case at all. It is also important to make it clear that future Parliaments will interpret European law and will disagree with what is being put forward in this Bill. We cannot allow this Parliament to leave future Parliaments hamstrung in relation to freedoms.

In conclusion, clause 18 was introduced as a political fudge and I doubt whether it will placate the red-blooded, anti-Europe sceptics on the Tory Back Benches. Neither will it placate the commentators in the press who want us to withdraw from Europe. The clear option is to amend the 1972 Act, which would be more honest. This has exposed the Prime Minister not only in that the detoxification of the Conservative brand clearly has not taken place but because, judging by tonight's attendance, it has put him on a collision course with large sections of his own Back Benchers. As this Parliament goes on, we will increasingly see the true nature of the new Conservative intake.

Neil Carmichael (Stroud) (Con): My hon. Friend the Member for North West Leicestershire (Andrew Bridgen) mentioned marriage. That was a good point because renewing one's marriage vows does not make one's marriage any stronger. That is what we should talk about. It is what one does with and in one's marriage that matters, and the same applies to this sovereignty issue. Renewing our commitment to sovereignty will not mean that we are more sovereign. That is the thrust of my speech.

Mr Kevan Jones: At least when people renew their marriage vows, they might have a party or celebration afterwards, but the measure would simply reiterate something that already exists, so there would be no party or feel-good factor afterwards. There might be a feel-good factor to some in the Conservative party, but that is about it.

Neil Carmichael: We in the Conservative party are always celebrating, especially with our coalition partners, the success of our Government, so we have lots to celebrate. The hon. Gentleman is right about the renewal of marriage vows being a cause for celebration, but I am not entirely sure that we will be drinking champagne when we have defeated this amendment and passed the Act.

The point is that if something exists, we do not need to keep reaffirming it. Funnily enough, the hon. Member for North Durham (Mr Jones) was absolutely right

[Neil Carmichael]

about the wording of the amendment: if one reaffirms something, one effectively admits that it is already there. Something I have noticed during the past three and half hours I have spent in this debate, except for the brief moment when I had a drink, is that clause 18, as drafted, is required because there is so much misunderstanding about what sovereignty is and what power Parliament has. When my right hon. Friend the Member for Wokingham (Mr Redwood) spoke, we deviated into the 1600s in connection with the outcome and causes of the English civil war, but the real issue there was the relationship between the King and Parliament. We must remember that the monarchy is still part of Parliament, because an Act does not become an Act until it has received Royal Assent.

Another, much more interesting, dimension of this discussion is the transfer from kingdom to nation state. That has rather more to do with sovereignty than our involvement in the European Union. Suppose that we wanted to leave the European Union—we would simply repeal the European Communities Act 1972. We are not going to do that, but that is what we would have to do. But what if Essex wanted to leave England? How would that unfold? That would be a completely different situation and would bite at the issue of sovereignty. It is important to get right this issue of what sovereignty is. The shadow Minister started to speak about that and the very fact that we are debating it proves that we should not use the word sovereignty in the Bill because it will lead to a need for interpretation.

It is also important that instead of talking about sovereignty, as we have for the past three hours, we ought to discuss what Parliament should be doing to make a difference in the European Union, if that is what we really want. My right hon. Friend the Member for Wokingham did not really answer the question he was asked about the common fisheries policy. The matter is very simple: if we did not want to be in the CFP, we would have to say so and pass appropriate legislation having made the necessary agreement with our European partners. It would no doubt be messy and would certainly be complicated, but it would not be prevented by our no longer being sovereign because we are. Parliament has the power to take the decisions necessary to bring about such an outcome.

It is important to focus on what Parliament does rather than on what we think it is. That is the difference. This discussion is about sovereignty, but we have to move away from that specific issue and focus instead on the power and role of Parliament and the way it can influence things. At the end of the day, if we decided to leave the European Union, we would have to repeal the 1972 Act, which some people might want to do. Others might want to reform or restructure it in some way—we have heard from my hon. Friend the Member for Dover (Charlie Elphicke) that that would, to some extent, be his direction of travel—but the most important thing for us to do is define the national interest and pursue it relentlessly. My hon. Friend the Member for Stone (Mr Cash) talked about the national interest and Disraeli's description of the Conservative party as always being the national party. That is what we have to do, and that is what the Conservative party, with our Liberal Democrat partners, will continue to do—try to shape a role for Britain that is constructive but without allowing the European Union to be too intrusive on how we proceed. That is the best way that we can act as a Government.

Mr MacShane: I am pleased to follow the hon. Member for Stroud (Neil Carmichael) who, in his short and effective speech, demolished some of the more windy and high-blown rhetoric that we have heard tonight. Sovereignty is a wonderful topic for a seminar but is rather more difficult to define than one might imagine. In many continental legislations, the people are sovereign. The American constitution starts: "We the People". In such a system, it is not the Parliament or Congress that is sovereign but the people, who grant to the President or Parliament the right to govern in their name. In other countries, there are checks and balances known as a constitution or as direct democracy through forms of plebiscite and referendum. We have never gone down that path and have always refused a written constitution. In his book, "The English Constitution", Bagehot contrasted the flexibility that the lack of a written constitution affords Britain with the American constitution, which he said was so rigid that it could be broken only through the civil war that was taking place as he was writing or compiling his book.

The additions that the hon. Member for Stone (Mr Cash) and his colleagues on both sides of the House propose to clause 18 are superfluous because they will not add one extra bit of strength to the Bill. The Bill is cynical and worthless. The Government—or at least the Conservative part of the Government—may have campaigned in opposition as Eurosceptics but they have found that they have to govern as Eurorealists. I congratulate the Minister and the Government on being very Eurorealist since the coalition was formed in May. They have accepted a number of measures that require Britain to pay money or accept collective decisions, and have shown no desire to oppose the proposed changes in the Lisbon treaty to effect greater economic governance in Europe that were decided collectively by all 27 member states. They hide behind the convenient and comforting myth that that only affects the eurozone but, precisely to ensure better and more effective governance, much of which will involve a degree of fiscal discipline, we are gradually moving in the direction of greater co-ordination of our economic and fiscal policies in Europe. It will not be a case of giving orders or dictating tax levels—some countries might want to put up VAT, some might want to put up income tax, some might want to put up corporation, petrol, environmental, housing tax or whatever, and that will remain their individual decision—but much greater co-ordination is coming fast down the tracks. We live in such an open trading economy that if we want the European Union to remain open to all of our products, services, people and capital, we will require greater co-ordination.

7.30 pm

The Bill discusses holding referendums if there are treaty changes that the Government do not like, but that is a contradiction, because no Government are going to sign a new treaty, then bring it back to the country for a referendum. Government's responsibility is to negotiate the best deal on a treaty that they can achieve for the country. That is the whole point about the EU—it is an association of nations bound together by a common treaty, and the amendments cannot change

that substantial fact. In many areas of national life, the treaty that binds us together in the World Trade Organisation is far more powerful. It can dictate what British goods can be exported, or what Britain has to accept in imports from other countries. That is what the WTO exists to do. It was formerly called, if hon. Members remember, the general agreements on tariffs and trade, and it was a treaty. After 1945, Britain set it up, along with many other treaty-based organisations. There has been much generalised waffle about the common fisheries policy, but an equally important treaty that delineates our territorial waters is the law of the sea, which obliges countries to obey its provisions.

Mark Reckless: On a point of order, Mr Evans. Would it be appropriate for the right hon. Gentleman to address his remarks to the amendment?

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): I am listening carefully to Mr MacShane, and if he is out of order, I will call him out of order.

Mr MacShane: I am grateful, Mr Evans.

We have heard a wide range of speeches, including one from the right hon. Member for Wokingham (Mr Redwood). We had a wonderful seminar on constitutional law from the hon. Member for Stone, and we are discussing something of profound importance: whether or not our country and this Parliament want to stay in the European Union on the common terms dictated by the treaty.

Dr Julian Lewis: What has that got to do with clause 18?

Mr MacShane: The hon. Gentleman will have a chance to speak later.

Andrew Bridgen: Is the right hon. Gentleman's rather rambling speech just a ploy to use up time so that his colleagues can get back from Oldham?

Mr MacShane: I would politely suggest to the hon. Gentleman that he wait until the early hours of Friday morning before he begins to smirk about Oldham.

The First Deputy Chairman: Order. We are definitely not on clause 18 at the moment.

Mr MacShane: I am a courteous, friendly fellow, Mr Evans, so I accept interventions even if they are points of order on the dark side of the moon.

Ian Paisley (North Antrim) (DUP): I appreciate the right hon. Gentleman's courtesy in giving way. He is right that putting something into a Bill and stating that we reaffirm sovereignty may not in itself affect or change the law, but it sends a signal to the very people who effect our law, for example the UKRep or the Council of Ministers, and all those people who just go with the flow in Europe, instead of standing up for the needs of Britain, which are effectively written off. Saying it therefore sends a positive and powerful signal.

Mr MacShane: With respect, the hon. Gentleman is not being fair to our officials, who undertake the arduous task of negotiating the treaties or agreements that affect Britain. If he travelled widely on the continent as I do—and I am sure that he does, too—he would find that in capital after capital, people think that the EU is, if not a British plot, an Anglo-Saxon hymn to free trade. Again and again, in Berlin, Madrid and Paris, I have had to defend the EU and the European Court of Justice, because the vast majority of rulings in the ECJ uphold open and free trade, and slap down the protectionist instincts of many EU member states.

Ian Paisley: I thank the right hon. Gentleman for almost inviting me back. Having worked in Brussels and in France for two years on issues to do with European law and how it affects our kingdom, I found that people went with the flow unless backbone was put into the UKRep's office or into the Council of Ministers. We see it directly in fisheries policy, as fishermen in Northern Ireland, Wales and Scotland are prohibited from doing the job that they want to do—fishing our seas—week in, week out, because of bizarre regulations that flow from Europe.

Mr MacShane: As the hon. Gentleman spent time in France, he may have read in the French papers reports of blockade after blockade of French ports by French fishermen, outraged that the British interpretation in Brussels of the common fisheries policies prevented them from doing what they wanted to do. This is a collective decision that we have taken, and I suggest that Government Members are honest: if they do not like the European Union, they will not alter it one little bit by putting new forms of words into clause 18.

Our representatives in Brussels and in all the Ministries that negotiate every aspect of our relationship with the EU will not be impressed by the proposals. If hon. Members do not like it, they should pull out—that is the honest position to take. There is no magic form of words that can get us out of our obligations under this or any other treaty. If they do not want to be in any of the treaty-based organisations, all of which are part of international law and which can, if necessary be prayed in aid by our judges, they should say so. There is a completely separate problem concerning the erosion of parliamentary sovereignty in relation to our courts. We are writing into our unwritten constitution judicial power that exists in other countries. The Germans have a constitutional court, and its rulings guide and control part of Germany's relationship with the EU. We do not have such a court, but perhaps we should have. We all know full well the strength and power of the Supreme Court in the American constitution. We have never allowed that; we have wanted everything to happen here in Parliament and have not moved to a form of written constitution. We could put into one an obligation to have referendums on new treaties, as the Irish constitutional court has and the Danish constitution does. All those things are possible.

The Government could simply have said, "There will be a referendum on each new EU treaty—period." That would have been very powerful and given the sovereign people the right to decide what should or should not happen. It would have severely limited the chances of this or any future Government negotiating changes to a treaty that we judged to be in our interests.

It is no accident that any reference to a referendum on enlargement is excluded from the Bill, because the Government want Turkey to join the EU—and so do I.

[Mr MacShane]

However, nobody in the House can possibly imagine that the question of whether 85 million Muslim ladies and gentlemen from Anatolia should have free access into this country would not receive a resounding "no" from the British people in a referendum.

So we go back to the clause, again and again. Nothing in the amendment strengthens the Government's hand or puts backbone into the UKRep spine—straight and sturdy though I am sure it is.

Kelvin Hopkins *rose—*

Mr MacShane: I shall take one last intervention, and then I must stop.

Kelvin Hopkins: Time and again my right hon. Friend poses the alternative: accept what we have, or get out of the European Union. Yet now we are talking about reform and change—perhaps even withdrawing from the common fisheries policy. I shall leave that there.

I want to reinforce the point made by the hon. Member for North Antrim (Ian Paisley), who talked about officials. I suggest that the politicians, particularly the people at the Commission, pushed Britain to the brink. Recently, we came close to having a referendum that would certainly have produced a no vote. This signal that we are giving to the European Union will emphasise the point that Britain was pushed to the brink of a serious referendum, with a no vote being the certain outcome. This signal will make sure that they do not push us again.

Mr MacShane: There is this version of Britain contra mundum—the 26 member states all ganging up against us. We have allies and friends, and we win arguments. The European Union is seen around the world as a model for open trade. Lorries leave Portugal and arrive in Poland. A lorry cannot leave Mexico with its Corona beer and unload it in San Diego; it has to unload it on to protectionist lorries controlled by trade unions in the United States.

I put it gently to hon. Members that they should be careful before getting what they wish—the disaggregation of the European Union, with every country rejecting European Court of Justice decisions that they do not like. France believed that it was sovereign when it refused to accept a pound, or a kilo, of British beef, at the time when the whole world thought that the beef was contaminated. We could not export it to Australia, and Canada would not accept it. The Commonwealth would not have it. Hong Kong, our Crown colony, would not have it. But the European Union had to accept British beef because the European Court of Justice accepted our scientific arguments that the beef was fit for sale in the common European market.

Several hon. Members *rose—*

Mr MacShane: Most of my speech has consisted of accepting interventions from right hon. and hon. Friends and colleagues. With your permission, Mr Evans, I shall now sit down. [Hon. Members: "Hurrah!"] I do not propose to put that to a referendum; it is my sovereign decision whether to stand or sit, but the amendments would not make one iota of difference to Britain's relationship with the EU. The Bill itself will also make very little difference, although that, as has been pointed out, may be a point for a later day. I sincerely put it to hon. Members who do not like the EU to have the courage of their convictions and start persuading their party to be as Eurosceptic in government as it was in opposition. But a party of U-turns will probably find that difficult to achieve.

7.45 pm

Chris Heaton-Harris: Thank you for calling me to speak, Sir; I call you "Sir" because I am not sure whether I should call you Mr Deputy Speaker or Mr Evans, given the seat that you are in at the moment.

It is interesting to follow the right hon. Member for Rotherham (Mr MacShane) in a debate such as this. I was a Member of the European Parliament, which is arranged in such a way that the lights get brighter if the debate gets exciting and dimmer if the life goes out of the debate. If we had such a system in the House now, I fear that I would be speaking in complete darkness.

It would be easy to answer a number of the points made by the right hon. Gentleman, but I agree with what he said at the very beginning of his speech. I have tabled a bunch of amendments to the Bill, which deserves tightening up, although there is something in it worth salvaging. However, I looked at clause 18 and thought that it did not mean anything, so it was not worth tabling an amendment to it. It is a declaration.

Does clause 18 put the sovereignty of Parliament in relation to EU law beyond speculation? I do not think so. Does it affirm and confirm that EU law has legal standing in the UK only because Parliament wills it through Acts of Parliament? I am not convinced that it does. Equally, however, I am not convinced that the amendments tabled to clause 18 would add anything to it; they are not anything to get excited about. I do not think that clause 18 is a very good clause, and I am pretty sure that it is not a sovereignty clause. If it has a place anywhere in the Bill, it should be in the preamble. It would be a good place to start—a sort of "This is where we came from".

I have been following this process through the European Scrutiny Committee, and I have been fascinated by the different sorts of opinion that we can get from academics. In my 10 years as a Member of the European Parliament it was always interesting to get at least three academics in the room to give advice, because people knew that they could then get three completely different opinions and choose the one that they wanted.

I like to call myself a pragmatic Eurosceptic; I am a great believer in dealing with what is on the table and what we can achieve. I would like to think that the Bill will be able to achieve some things when we come to later clauses and amendments, but I just cannot bring myself to get excited about clause 18. I wish that the Government had not called it the delivery of the pledge made in the Conservative party's election manifesto, because I simply do not believe that it is.

There are many voters across the country who are slightly sceptical about Europe. The hon. Member for North Durham (Mr Jones) has left his seat, but many voters in his constituency will be sceptical about what goes on in the European Union. I do not think that they

will feel comforted by the fact that clause 18 is in the Bill. If we vote for the amendment tabled by my hon. Friend the Member for Stone (Mr Cash), I do not think that they will wake up and think that that has achieved very much. Whether the clause stays as it is or the amendment is accepted, we will still be where we are: nothing will have changed.

I followed the process in the European Scrutiny Committee with great interest because some interesting and eminent people came before us. They often looked at the exciting parts of the Government's explanatory notes to the Bill, especially the statement:

"This clause has been included in the Bill to address concerns that the doctrine of Parliamentary sovereignty may in the future be eroded by decisions of the courts."

I assume that that means the British courts, but because it is fairly vague I guess that it could equally mean the European courts. I have written to the Minister for Europe asking for clarification on a number of points about the Bill, but the explanatory notes already say.

"Clause 18 is a declaratory provision which confirms that directly applicable or directly effective EU law only takes effect in the UK as a result of the existence of an Act of Parliament."

I think that the whole House can concur with that point. The principle of parliamentary sovereignty is that Parliament is free to make or unmake—that is a terrible phrase, but it means to get rid of—any law if it wishes to do so, which will be upheld by the courts. That has been a keystone of the UK constitution for centuries. Nothing in the clause, or indeed in the amendment to the clause, would change that.

We must remember that the British people have a distinct lack of trust in what anybody says on this subject in this place. They do not trust Her Majesty's Opposition, because although the shadow Minister, the hon. Member for Caerphilly (Mr David), may say that the constitutional treaty was very different from the Lisbon treaty, the majority of the public are not fools and they understand that the words were basically the same; in fact, even the order in which they appeared was basically the same. The Lisbon treaty was pretty much the same thing, and we should have had a referendum. Even if the hon. Gentleman disagrees with that point, he must understand that people outside this place feel like that.

I am happy to concur with the people who say, "Let's be honest about this." I would like to repeal sections 2 and 3 of the European Communities Act 1972, and I would like to have a proper sovereignty Bill. However, that is not on offer. I am in a coalition Government and lots of compromises have had to be made, some of which I am deeply disappointed about, but all of which I understand, because we are here to sort out the economic mess that the other lot left us. I want to get on with doing that particular job. I cannot get myself excited about all this.

Mr Cash: My hon. Friend is making remarks with which I must, unfortunately, disagree. In particular, I do not think that he has quite understood the nature of sovereignty. The United Kingdom Parliament is sovereign only in so far as it is not affected by decisions taken by the courts. Sovereignty is about the rule of law, which pivots between the courts on the one hand and Parliament on the other: we make and they interpret. When they get into the position of seeking, as they now are, through the common law principle and their judicial assertions to erode sovereignty by specific words, they are invading our sovereignty. In amending and eliminating that, as I seek to do, we would revert back to the supremacy that we have always wanted and insisted on.

Chris Heaton-Harris: I thank my hon. Friend for his intervention. However, during my 10 years as a Member of the European Parliament I gained a rough idea of what sovereignty was and how it is viewed by different member states within the European Union. His amendment would have some strength if we had market-tested it on the academic experts who appeared before the European Scrutiny Committee. I truly believe that if we had said, "This is what clause 18 states. What do you think of that?" they would all have said what we have said about the clause, which has been repeated a number of times. If we had asked whether adding this sentence to the clause would protect us in any way, I am pretty sure they would have said, "No, not really. This is all a matter of interpretation for the lawyers. We won't get anywhere like that."

Ian Paisley: Is not the reason why people do not get excited about this sort of stuff—the hon. Gentleman has put his finger on it—the way in which laws are changed in this country? He is right: it is not a bang theory. As someone who has worked in Europe and been a Member of the European Parliament, he will know that Europe changes laws in a very nuanced way. A European directive informs our officials what they should do and our officials make those changes, sometimes at the behest of our own courts. However, such changes happen as a result of a nuanced change in Europe. They are dumbing us down quite deliberately, so that this Parliament is no longer sovereign.

Chris Heaton-Harris: I agree, which is why I focused my attempts to amend the Bill on the parts of it where there are opportunities to get this place to debate matters more thoroughly. We should get the country more interested by having referendums on some of the big changes that happen in Europe. In the Lisbon treaty there is an awful clause—the passerelle clause—which has untold danger written across it.

There are many things that former Ministers for Europe did; I am talking not about the right hon. Member for Rotherham, but about a friend of mine, the right hon. Member for Leicester East (Keith Vaz) when he was Minister for Europe. The European charter of fundamental rights was meant to have no more relevance to British law than a copy of the "Beano," but it is now enshrined in the Lisbon treaty. I am very wary of the process and how it works, which is why I am keen on tightening up many other matters in the Bill, and have tabled amendments to do that.

None of those issues are helped, or indeed hindered, by clause 18. The Government's apparent intention is that the clause will combat any argument that parliamentary sovereignty is limited by EU treaties directly—in other words, that Parliament cannot act contrary to those treaties while they apply to the UK. A strict reading of clause 18 would not prevent someone from arguing that parliamentary sovereignty would be limited by the European Communities Act as applied by the courts. There are many different arguments on this matter, but I want to return to the simple fact that we can take from the

[Chris Heaton-Harris]

expert witnesses' testimony before the European Scrutiny Committee anything we like, to allow us to argue on any side of the issue. Sensibly, Professor Adam Tomkins submitted in written evidence to us that

"European Union law is far from being the only contemporary challenge to the doctrine of parliamentary sovereignty".

That is a very salient point. Human rights law, and indeed common law itself, would also pose challenges, as would different types of law coming from different places through different courts. Those challenges will not be affected by what clause 18 states, and will not be changed or challenged by the amendment if it is passed. We will still be in the same position.

I am concerned because I have a strong belief that we will not be able to negotiate strongly with our European partners until we start banging our fists on the table, reminding them that we are the second largest net contributor to the European Union and using the vetoes that we have. We should do exactly what the French and the Spanish do in all budgetary and other negotiations, which is to play their hand as hard as they can for the best interests of their country. That is what I would like our Ministers to do, and what I would like to believe they are doing. I want to hear from our Ministers that we will not only talk and be good at the rhetoric, but that we will start instructing United Kingdom Permanent Representation to the European Union to do the right thing by our people. Again, none of that is affected by clause 18 or the amendment tabled to it.

I humbly suggest to my colleagues who may be excited by the clause that perhaps this is not the battle we should be fighting. There may be other areas where we can give the people we represent the referendum they want, and we should be angling for that. Perhaps there are ways in which we can tighten up the Bill through other amendments to other clauses. The timing of the implementation of the Bill means that it will apply to decisions made by the Government in the future. Perhaps we can do a much better job by tightening up the rest of the Bill, rather than getting excited about this clause.

Maybe at some point in this Parliament we can have a referendum on Europe, which is something on which I have not had the opportunity to express my view. I would love an "in or out" referendum; hon. Members can guess which way I would vote in that. Based on where we are now and what we have, it would certainly be "out". I want the British people to have their say on our relationship with Europe and I also want them to be engaged in what is going on in their name in this place and in the negotiations. Other parts of the Bill, rather than this clause, are the place to try to bring that about.

Thomas Docherty: Several Members on both sides of the Committee have referred to England, the English Parliament and Britain. Let me gently remind the House that our nation state is the United Kingdom, and it is much more pertinent, particularly when discussing the issue of sovereignty, to get its name right.

8 pm

My right hon. Friend the Member for Rotherham (Mr MacShane), who is an ardent and sincere pro-European and was a very good Minister for Europe, told the Committee that neither he nor the present Government would support giving the people of the United Kingdom a referendum on Turkey's entry into the European Union because, in effect, we know that the outcome would be a no vote. I suggest to him, and to those on the Treasury Bench, that it is difficult for the people of our country to have great faith in the European idea if the Government of the day are simply going to say, "We know you won't agree with what we have decided, so we are not going to give you an opportunity to have your say." That is the type of challenge that we have faced over the past 25 to 30 years. I am probably, by the standards of my party, a Eurosceptic, but I do not believe, as was so well articulated by my right hon. Friend the Member for Rotherham and others, that our interests would be served by coming out of Europe, which is our largest trading partner. Whatever the flaws of the European Union—and there are many—the idea that we could have the same trading relationship with the other 26 nations if we were not part of a single bloc is ludicrous.

Several Members referred to the history of sovereignty. As the loyalists on the Government Benches traipse through the No Lobby later on, they might wish to take a moment or two, in between being given a pat on the back by their Whips for having been so loyal to their principles—I am sorry, their careers—to look at the exhibition on the wall outside to my left, which gives an account of the dispute between James I of England, who was also James VI of Scotland, and Parliament in 1621. I am sure, Mr Evans, that as a good parliamentarian you know that King James was very much in favour of close ties with the Spanish king and Parliament did not share his pro-European views. When Parliament protested to the King about his pro-European policies, he had the *Journal* of the House torn up because he would not accept Parliament's comments. In a letter back to Parliament, he said that the House need not

"meddle...with any thing concerning our government or deep matters of state".

It is disappointing that 380-odd years later, those on the Treasury Bench have adopted the same, very regal position towards this House.

I listened carefully to the hon. Members for Daventry (Chris Heaton-Harris) and for Dover (Charlie Elphicke), who seem to be the main advocates for clause 18, although they accept that it is a tokenistic gesture designed to mollify their Eurosceptic colleagues. However, having listened attentively to the hon. Member for Stone (Mr Cash), among others, I do not think that that gesture has worked. The hon. Member for Dover said that clause 18 probably does no harm. I am slightly surprised about that, because Labour Members are often lectured by Conservative Members about the need for less regulation, legislation and bureaucracy. It is setting the bar very low to argue for a clause on the basis that it does no harm. That is a slightly absurd position for any party, particularly one that is calling for less legislation. I am afraid that I cannot possibly support clause 18 if the best argument that can be put forward is that it does not do much of anything.

My hon. Friend the shadow Minister and my hon. Friend the Member for North Durham (Mr Jones) asked what the Government's motivations were in moving from a sovereignty Bill to a sovereignty clause. My hon. Friend the Member for North Durham suggested that it is the result of a coalition deal in which the Deputy Prime Minister, the hon. Member for Westmorland and

Lonsdale (Tim Farron) and others forced the Minister of State, Foreign and Commonwealth Office, the hon. Member for Taunton Deane (Mr Browne), to give up his long-held principles on the issue of sovereignty. Let me suggest to Government Members that the Notting Hill set, or the Cameroonians as they are fondly called by some, did not particularly support this in the first place, that it might be worth reflecting on whether it is unfair to blame the hon. Member for Westmorland and Lonsdale for having diluted the sovereignty Bill down to a clause, and that perhaps the Prime Minister and the Chancellor, who are really quite pro-European, as much as they may deny it, were also involved. I am disappointed that the Foreign Office Minister was unable to join us at any point this evening, as I understand that he told *The Daily Telegraph* some very interesting things about his views on the coalition and about how he and the Foreign Secretary have been getting on. Perhaps the Minister who winds up the debate can update us on how diplomatic relations are going in the Foreign Office at the moment.

In conclusion, will the Minister outline why the Government feel that clause 18 is so important and explain the impact of its deletion on the Bill overall and on the UK's relationship with the European Union?

Mr James Clappison (Hertsmere) (Con): Like several colleagues who have already spoken, I was a member of the European Scrutiny Committee that considered this Bill. I think that the Committee performed a very useful exercise, and I am very grateful to all the esteemed academics who came along to give evidence

The hon. Member for Dunfermline and West Fife (Thomas Docherty) was not entirely fair to the Government in his comments. I think that my right hon. and hon. Friends were absolutely right to ask the question, "Is there a need to entrench parliamentary sovereignty?" and to identify the threats to parliamentary sovereignty, which probably intensified during the period of the previous Government—threats coming not only from the European Union but from judicial activism and the role that judges have assumed for themselves in some aspects of our country's governance. Ministers need to ask themselves whether the clause, as it stands, satisfactorily meets the objectives of entrenching parliamentary sovereignty that they set themselves. Having taken part in the proceedings of the Committee, I am afraid that I have reached the conclusion that it does not.

My hon. Friend the Member for Daventry (Chris Heaton-Harris), who spoke very well, was good enough to refer to the various academics who came before the Committee. I am used to hearing from experts and academics evidence that is so wildly at variance that one cannot see how they could be experts in the same subject, let alone come to the same conclusion. However, the weight of the evidence from the experts to the Committee was almost unanimous; in fact, it was unanimous about clause 18. In their opinion, the clause did not meet the objectives that the Government had set for it. One or two of them went even further and said that because of its being restricted to the European Union in its declaration of sovereignty, it could possibly damage this House and parliamentary sovereignty as regards whether parliamentary sovereignty was part of common law and could be dealt with as such by judges. The evidence that we heard was conclusive that the clause does not meet the objectives.

Professor Tomkins from Glasgow university has been referred to, and I can do no better than to quote his conclusion:

> "For all of these reasons, clause 18 as presently drafted may be seen as an opportunity missed. Parliamentary sovereignty is under considerable challenge from multiple sources. For those who seek its robust defence and protection, clause 18 falls substantially short of the mark."

Professor Craig from Oxford university, another distinguished academic with a different perspective, came to the same conclusion. He could identify only two occasions on which the clause could be relevant. One of those concerned what would happen in the interim if this country were ever to leave the European Union, and what the status of European Union law as opposed to British law would be in such circumstances.

Mr Cash: I very much agree with my hon. Friend's speech. Does he agree that the expert witnesses were all agreed on the judicial trend, except that the common law radicals among them wanted it, whereas the others—Tomkins and Goldsworthy—most emphatically did not? It was our judgment that the last two were right and that the common law principle people were wrong.

Mr Clappison: My hon. Friend is right, as were those experts. As a House, we are right to address this matter, and Ministers are right to address it.

It was interesting that earlier in the debate, the hon. Member for North Durham (Mr Jones)—a Labour Member—seemed to put forward at some length the view that we should defend the judges and not the will of the people, as expressed through this House. That was an interesting proposition to hear from the Labour party, and seems at odds with its history. The conclusion that I have come to is that the clause does not accomplish the objectives that the Government set themselves. The question is how we can meet those objectives.

Zac Goldsmith (Richmond Park) (Con): Have the same experts provided my hon. Friend with an opinion on whether the amendments would make clause 18 more meaningful?

Mr Clappison: The amendments are not mine, although I would be happy to put my name to them. They were drafted after we received the evidence from the experts, and as a Select Committee member I believe that they are entirely consistent with what the experts told us. Other hon. Members might say more about that. The amendments would better meet the threat that was identified by the experts, for all the reasons that my hon. Friend the Member for Stone (Mr Cash) set out in his considered speech.

Mr David: I think that the hon. Gentleman is about to refer in detail to the amendments. Before he does so, will he tell us what the point was of the Government putting forward clause 18 in the first place if it does not meet their objectives, or his?

Mr Clappison: The hon. Gentleman would do as well to ask what is the point of his amendment. The gist of his speech was that the clause will achieve nothing and we are going to have a report on it every year saying how it has achieved nothing. This is not a party political speech, but I think that the Labour party could have

[Mr Clappison]

produced something a bit better than amendment 52, which is just a marking-time amendment that gave the hon. Gentleman the opportunity to make a few random points, but does not deal with the problems that we face. To be fair to Ministers, they have tried to face those problems.

The clause does not sufficiently address the situation because it is a restatement of the existing position, under which the present challenges to parliamentary sovereignty have developed, as has been said. It does not go much further than what people were told before the referendum on the European Union in 1975, to which hon. Members have referred. Interestingly, the Labour party said that it would never have a referendum and yet it was the Labour party that put the issue to the people after the negotiations had taken place and after the country had joined. The people decided to stay in the European Union. I am sad to say that I am old enough to have taken part in that referendum, which probably makes me past it, as the BBC would say.

8.15 pm

To come back to my point, what the Bill says is not very different from what the British people were told in the literature sent to them by the Government of the day before that referendum. Fact No. 3 stated:

"The British Parliament in Westminster retains the final right to repeal the Act which took us into the Market on January 1, 1973. Thus our continued membership will depend on the continuing assent of Parliament."

I do not think that the clause goes much further than that, but let us look at the changes since then. The other safeguards that were set before the British people included the following key fact:

"The Minister representing Britain can veto any proposal for a new law or a new tax if he considers it to be against British interests. Ministers from the other Governments have the same right to veto."

The many safeguards it was attempted to put in the provisions of the time, and subsequent other treaties, have turned out to be of little use.

We need a more robust assertion of parliamentary sovereignty and I hope that, when he responds to the debate, the Minister will give a considered response to the amendments tabled by my hon. Friend the Member for Stone. I cannot see what the great obstacle is to accepting those amendments if our objective is to entrench parliamentary sovereignty. Why is there such reluctance to accept them? They are not wrecking amendments to undermine the Bill, but are there to improve it and to provide a more robust assertion.

Mr Cash: Does my hon. Friend mind my mentioning that, for reasons connected with the European Communities Act 1972, the Merchant Shipping Act 1988 was struck down by the courts because they said it was not sufficiently within the framework of European law? With the current judicial trends, that is the kind of situation that we can envisage on an array of matters contained in the status clause. Even if we disagree with a piece of European legislation, our legislation can be struck down if it is inconsistent with it.

Mr Clappison: My hon. Friend is right to point out that judicial activism is a living organism. That activism is not only in the courts of this country but in the European Court of Justice, which has a free-ranging way of interpreting European law. We must beware of its activities and the precedents it might set in interpreting any piece of EU legislation to which we give assent.

I draw the Committee's attention to the excellent speech of my right hon. Friend the Member for Wokingham (Mr Redwood), who talked of the distinction between sovereignty and the exercise of power, and whether the exercise of power can grow to such an extent that sovereignty becomes a piece of fiction and withers on the vine. He drew an interesting parallel with the erosion of the sovereignty of the Crown, through the continued exercise of sovereignty by Parliament. We must ask the same questions about the European Union, irrespective of the clause, because the power that we voluntarily concede to the European Union in so many areas will, over time, inevitably erode parliamentary sovereignty, however robust our reaffirmation.

Henry Smith (Crawley) (Con): My hon. Friend makes a powerful argument. As we have heard a lot this evening, we have an evolving constitution in this country, and an evolving European Union. Is now not the time, as the hon. Member for North Antrim (Ian Paisley) said, to send a clear signal domestically and internationally to Europe that this Parliament reaffirms its sovereignty?

Mr Clappison: The interesting point that was missed out by the right hon. Member for Rotherham (Mr MacShane) in his contribution and by the Labour Government in their referendum literature, which tried to portray the European Union as simply a trade organisation akin to the World Trade Organisation, is that there is a commitment to an ever closer union. Attention was drawn to that at the time of the original referendum, but sufficient account was not taken of it. That commitment continues today. The European Commission has signed up to measures that promote ever closer union. Measures and proposals come before us all the time that transfer further power from this House to the European Union. There is no underground supply of new power that the House can create and hand out. Power is exercised either here or in the European Union, and over the years we have conceded more and more power to the EU, which must inevitably have an effect on sovereignty.

We need a reaffirmation of parliamentary sovereignty as far as the EU and other potential threats are concerned, but we also need Ministers who are prepared to stand up to the EU, say no and not make voluntary concessions. I am sorry to say that under the provisions of the treaty of Lisbon, we will see the creation of the European External Action Service, which can only result in more power and authority being drained away from our foreign policy and going over to the EU. The Union Jack is being hauled down throughout the world and the EU's flag run up in its place.

The EU and the European Parliament are champing at the bit to get their hands on our security policy, and the European Commission's second-top priority in its immediate programme is the creation of its area of freedom, security and justice. There is a constant stream of directives on the matter, and let us be clear that those

directives are not about picking a measure here or there that will improve the standard of justice. The point of the European area of freedom, security and justice is to create a common European legal system, which is being put together piece by piece. We currently have an opt-out from that, and Ministers need to find the resolution to maintain that opt-out and refuse to opt in to any further such measures.

I have not mentioned the list of financial regulations and proposals for economic governance that we heard earlier, but it is very long. If we sign up to all those individual measures, they will result in a transfer of power that will have an effect on our sovereignty. We need an improved sovereignty clause in the Bill, to send a clear signal of what we are about, and we need Ministers who will stand up to the EU. I am sure that they will do that, but they need to find the determination to do so and we need to support them in finding it.

Mr Jenkin: It is a great pleasure to follow my hon. Friend the Member for Hertsmere (Mr Clappison), who made an absolutely outstanding speech. I should like to echo a great many things that he said, but brevity does not allow. I do, however, point out that the context of the debate is the fact that the current deluge of initiatives, the possible ending of opt-outs, the new legislation that is coming through and the expansion of the legal order do not require the expansion of competences. The competences for those things are already in place, so they will not trigger referendums.

My hon. Friend was right to emphasise a point that my right hon. Friend the Member for Wokingham (Mr Redwood) made. We live with an unwritten constitution, and institutions have powers that are not written down anywhere. If those institutions do not use those powers, suddenly the lights will come on one morning and they will be gone. That is what we have found during our membership of the European Union. Although it seems unthinkable that that could happen to the sovereignty of Parliament itself, we have to recognise that possibility.

The European Scrutiny Committee's extraordinarily powerful report on clause 18, and the unanimity of the evidence given to the Committee, underline the threat to the sovereignty of this Parliament from the behaviour of our own Government. I would very much like to have welcomed the clause, but I cannot bring myself to do so. It simply does not deliver the reassurance, the finality and the end to ambiguity that we promised our voters at the last general election.

My hon. Friend asked about the nature of sovereignty and power. People tend to use those terms interchangeably, but power is the ability to produce intended effects and can be used legally or illegally, with or without authority. Authority is the legitimate use of power, and legal sovereignty is the ultimate source of authority. This House has had legal sovereignty, pretty well uncontested, for the past 300 years or so, and that lies at the heart of our unwritten constitution and the democratic control thereof, as my hon. Friend the Member for Stone (Mr Cash) so ably explained.

Mr Cash: My hon. Friend is making an excellent speech. Does he agree that when those principles were being established in the Bill of Rights in 1688 and 1689, the very reason why the courts were precluded from interfering in internal proceedings in Parliament under article 9 was precisely to deal with that question? It set out that the courts must not get involved in trying to make determinations about parliamentary sovereignty. That was exactly what it was all about.

Mr Jenkin: Yes, and without wishing to digress, I point out that Lord Phillips, the current president of the Supreme Court, qualified article 9 of the Bill of Rights in a recent judgment by suggesting that the doctrine of implied repeal applies to it. The Supreme Court is questioning the Bill of Rights itself, and if we are not aware of how parliamentary sovereignty is now being questioned, we are not living in the real world.

I listened to the hon. Member for Caerphilly (Mr David) say that the clause merely reaffirmed the status quo, but the status quo is not a static situation. It is constantly fluid, and the rather lame attempt in the clause to address the situation is causing great concern.

Michael Connarty (Linlithgow and East Falkirk) (Lab): I could not resist coming into the Chamber when I saw the hon. Gentleman's name on the board. Could he explain to me how the status quo has changed since 1972, when Parliament basically took the decision to give primacy to EU law?

Mr Jenkin: What has changed is the nature of the legal order in the EU and the UK's relationship with that legal order. If it had been explained to Parliament in 1971, when the European Communities Bill was progressing through the House, that in future a UK court would be able to strike down an Act of Parliament in the name of the European Union, there would never have been any possibility that we would have joined. The development of the European legal order, with the huge number and range of powers that have been passed over from the UK to the EU, means that I fail to see what competences the EU does not now possess that it could ever possibly need in order to become a fully fledged state. If the hon. Gentleman does not recognise that the situation is fluid, I think he is living on another planet. He had better listen to the rest of my speech.

We know where sovereignty lies in the British constitution—here in Parliament. Under a written constitution, it does not necessarily lie with the people, although the authority to exercise it might lie with the people. I would argue that the authority of Parliament's sovereignty also rests with the people. Under the American constitution, sovereignty is dispersed among various institutions but ultimately rests with the judges. If we moved towards a written constitution, we would overturn the democratic constitutional settlement that we have enjoyed in this country and that has given us such flexibility and agility for 300 years. We would lock ourselves into a judicial system, which was fundamentally undemocratic because it would be ruled by judges, not the British people.

Ms Louise Bagshawe (Corby) (Con): Having lived in the United States, I absolutely share my hon. Friend's concern about judges' encroachment on parliamentary sovereignty. However, in the context of the Bill, is not he in danger of making the perfect the enemy of the good? Is not clause 18 a great first step towards limiting the abrogation of the sovereignty of this Parliament by

[Ms Louise Bagshawe]

the EU? By outlining a perfect situation, is not my hon. Friend in danger of making the enemy clause 18, which is surely a step in the right direction?

Mr Jenkin: I fully accept that my right hon. and hon. Friends on the Front Bench have attempted to take a step in the right direction. However, by the advice that they have accepted and their framing of the clause, they have not achieved the objective or made any progress, and they may have set us back. To put it bluntly, if clause 18 is all that Parliament has to say about its sovereignty, that is an invitation for the judges to come for us, as I shall explain.

8.30 pm

Although sovereignty in the German written constitution lies in German basic law, Germany has the advantage of a constitutional court, which has always reasserted its right to determine whether European Community law is compatible with German basic law. Some of us have asked for some years why we do not have the same constitutional protection. We do not, and a sovereignty Act or clause was therefore deemed to be necessary. That is how some of us persuaded the leader of the Conservative party to make that an important part of his leadership election.

Where does sovereignty lie in the EU? Obviously, the origins lie in the member states, but over the years and from early on, the European Court of Justice began to lay claim to sovereignty. Back in 1963, in the Van Gend en Loos case, the European Court of Justice laid claim to a new legal order, whereby member states had subjugated certain delegated powers to the collective good, over which the European Union would claim supremacy. The doctrine was developed in the Factortame case, in which a UK court, with an obligation to implement European Community law, finished up overturning an Act of Parliament. At the time, one had to pinch oneself. Before that date, one could not imagine that one of our domestic courts could do such a thing, but it did.

Mr Cash: Does my hon. Friend also agree that, in the context of Van Gend en Loos, Costa and all the other cases that declaration 17, which is attached to the Lisbon treaty, covers, there is no attempt, in declaring the primacy of European law, to define the word "primacy"? Similarly, there is no need to define parliamentary sovereignty. My answer to the Government's point on that issue is, "Tosh."

Mr Jenkin: I will revert to that later. The great danger of the European constitution was that it was explicitly and legally autochthonous. It derived its authority from itself and its own roots. At least the Lisbon treaty reverted to the principle that authority comes from the member states, but it contains the important and dangerous declaration about not only the primacy of EU law, but the EU's constitutional supremacy over the constitutions of member states. That means our Parliament. I therefore fail to understand how anyone can say that there is no threat from the EU to the sovereignty of this House. That lot over there signed a treaty, without a referendum, that created such a threat. That has given rise to a demand for clarification about the sovereignty of Parliament in some form.

Many of my colleagues—I have talked to them in the Lobbies as well as hearing one or two speaking today—think that clause 18 is not the fight to have. If I may paraphrase my hon. Friend the Member for Daventry (Chris Heaton-Harris), he said that other clauses were much more important. It is not an either/or. It is suggested that somehow a referendum would be a panacea. People seem to think that as soon as we have a referendum—preferably an in or out referendum—we will be able to settle the issue.

The truth is that we may one day quite soon have a referendum on the European Union. It might be on the question of an additional treaty or power, and it might turn into a referendum on in or out. But the actual fact of a referendum will not solve anything. Instead, it will throw into flux the question of our membership of the EU, and the Government of the day will have to decide how to use that referendum to negotiate a new relationship with the EU. We will not stop the trains running through the tunnels and cancel all the flights and the trading. We will still have to have a relationship with the European Union.

Suppose that we wanted to take back control over our trade and to exit the customs union. We would need to have a renegotiation, sector by sector, of every part of the British economy's trading relationship with the EU. The point about a customs union is that there are no barriers—it is a single trading area. If we were to elect to have a separate trading area—to leave the single market—but we wanted to continue to trade with that market, we would need a trade agreement, so we would need to negotiate one. Immediately, we would need renegotiation.

We constantly hear it said, "Oh, if you Eurosceptics want to leave the European Union, why not be completely honest about it?" The pro-Euros—the people who are dedicated to the annihilation of the sovereignty and independence of this country—always put the issue as a binary question and, to an extent, they are right. It would be a self-fulfilling prophecy—a referendum would become a matter of leave or stay. If we are not sovereign in this Parliament while this country is a member of the EU, the only option is to jettison all the treaties and Acts, so we have very little flexibility.

What we as a Parliament need, in those circumstances, is the ability to negotiate partially, to pick and choose from a menu of options. But that would require Ministers to be able to legislate to suspend this EU instrument or that EU instrument. For example, they would need to be able to suspend EU City regulation so that we can get our competitiveness back. The Prime Minister's remarks on Monday, about his pro-jobs agenda and a flexible labour market, are another example. The coalition also says that it wants to renegotiate the working time directive to recreate the competitiveness of the British labour market. So Ministers would need the option of passing an Act of Parliament to suspend the application of certain EU instruments, but the question is whether that option will be available to them.

A little earlier, the beef ban was mentioned. I was a humble Parliamentary Private Secretary in the Scottish Office at the time, and we had a lot of discussion about how it could possibly be legal for the EU not just to ban the import of beef into other member states, but to ban the export of British beef from the UK to third-party countries. We were banned from exporting to anywhere.

and there was some discussion about whether we could suspend the effect of that legal instrument to stop the EU preventing us from exporting our beef to other countries. The advice was, "Oh no, Minister. You can't do that because it would put us in breach of the European treaties, infraction proceedings will be taken against us in the European Court of Justice and we will be found to have broken the law. Minister, I must advise you not to break the law, as otherwise you will be personally liable." Do Members get the point? Ministers have to obey the law and accept legal advice. Unless we sort out the sovereignty of Parliament and make it explicit that Parliament can suspend European Community law in selected circumstances, Ministers will not be in a position to exercise the freedom that Parliament has given them.

Mr John Spellar (Warley) (Lab): Did the hon. Gentleman seek alternative legal advice, which is often the sensible thing when getting that sort of advice in government, as I know from experience?

Mr Jenkin: We sought alternative legal advice and were assured that, in all probability, the domestic British courts would uphold Parliament's sovereignty and ability to suspend those legal enactments. But that is the point. We might have it now, but will we have it in the future?

Michael Connarty: Is the hon. Gentleman not willing to tell the full tale? The power given to the Commission under European Union law allowed it to stop France banning the import of our beef when it was cleared of infection. Is it not useful to have a common law that everyone agrees can be enforced in the other 26 countries? Without that, we might not be selling beef to Europe to this day.

Mr Jenkin: I fully accept that there is an argument and a balance of interests to be struck. The hon. Gentleman is arguing that it is always in our interests to accept a European Community legal order, but I am suggesting, quite reasonably, that it might not be. There might come a time when it is not in our interest to accept a European legal decision. Sadly, Governments tend to be driven by such a fear of confrontation with the EU that they will agree to anything in the long term. That is what has been happening, and this Government are thinking, "We have so many difficult fish to fry at the moment, we had better not confront them on this. This is the important thing we have to go for." As a result, more and more power seeps away, and I put it to him that sooner or later that has to stop.

As Martin Howe QC said in evidence to the European Scrutiny Committee, the Bill might stop us on the escalator, but it does not stop the escalator going up. A constant stream of powers and functions—not new competences or changes in voting arrangements that will trigger referendums—is still travelling in one direction to the EU. It is in the textbooks: it is called the doctrine of the occupied field. Once a power has been gained by the EU, the EU can only delegate it back to member states; member states cannot get it back. It is a doctrine formulated, of course, by the European Court of Justice in order constantly to consolidate the federal character of the EU.

Mr Cash: The occupied field is virtually full; very little more can be put into it. Does my hon. Friend also accept that one of the difficulties we are confronting is the question of political will, which we have not yet mentioned, and that the real problem, which emerged from some of his previous comments, is that we have been verging on appeasement for far too long?

Mr Jenkin: I totally endorse that comment. There might even be in this coalition, for reasons of political convenience, a will in the wrong direction. It is certainly not what the British people want or what we stood for in our election manifesto.

Provided that the UK courts recognise the sovereignty of Parliament, any legal dispute or clash between the British legal system, under the sovereignty of Parliament, and the European Community legal system, would be resolved by political negotiation. However, that is only the case so long as the UK courts recognise the sovereignty of Parliament and our right to suspend selectively legal instruments. That is a very important negotiation lever. But will that lever be available to Ministers in the future? Will that option be available to Parliament and future Governments? That is where the challenge lies. This is the crux of why we need a true sovereignty clause.

8.45 pm

Let me revert once again to the much-quoted Professor Adam Tomkins. The hon. Member for Caerphilly said that he could not see any threat from the European Union to the sovereignty of Parliament. Professor Tomkins accepts in principle that we can legislate unilaterally to suspend Community instruments, when he says:

> "If an Act were to be passed in terms such as these the courts could not refuse to apply it without asserting a power which our constitution has not hitherto accorded to them and to which no English court has yet laid claim. Should the issue arise, however, the response of the British courts cannot be predicted with certainty."

That is where the threat from European law arises: "cannot be predicted with certainty". Professor Tomkins goes on to talk about what would happen

> "if the United Kingdom refused to pay…a penalty"

for a breach of European Community law,

> "insisting on its national sovereignty".

Incidentally, that is something that has been recommended to try to sort out the budget by no less than Lord Heseltine, so he should want Parliament to be able to assert its sovereignty. However, I do not know whether he understood the consequences of what he said, because there is no legal way for the Government to withhold payments to the European Union unless we suspend the legal instrument under which we have to make such payments.

As was quoted earlier, Professor Tomkins also said:

> "European Union law is far from being the only contemporary challenge to the doctrine of parliamentary sovereignty."

By that he means that European Union law is indeed a challenge to parliamentary sovereignty, so I do not quite understand what the hon. Member for Caerphilly meant when he said what he said. Professor Tomkins went on—I am selectively quoting, but these are the relevant parts—to say that

> "certainly nothing in clause 18…which addresses the problem of the further development of EU law at the hands of the European Courts."

addresses the further development of ECJ jurisprudence. He continued:

"Let us not forget that many of the doctrines of EU law that have posed the greatest challenge for parliamentary sovereignty find their origin not in the articles of the Treaties, nor even in European legislation, but in the case law of the ECJ."

That takes us back to the Van Gend en Loos and Costa cases. When we reach a point at which the ECJ makes a judgment that is contrary to our national interest, should our Parliament not be able to say, without fear from our own courts, "I'm sorry, up with this we will not put"? That is the position that we need to be in. Professor Tomkins says:

"Neither clause 18 nor any other provision in the Bill safeguards the United Kingdom from the further development of EU law by the ECJ."

Mr David: The hon. Gentleman makes the point that there is absolutely nothing in the Bill—and no indication whatever from the Government either—to say that the Government do not accept the primacy of European Union law. That is the fundamental point that we are at. I therefore take his comments to be a direct challenge to what his Government are proposing. My second point is that we are also talking about the duality principle, whereby European Union law has effect in this country only because of an Act of this Parliament. That is our position.

Mr Jenkin: I think I am safe to agree with what the hon. Gentleman says, and that is why clause 18 is not a sovereignty clause, as he says. Therefore, if he agrees with everything that I am saying, I cannot quite understand why he does not want to make clause 18 a sovereignty clause. It would be quite easy to do so. I cannot for the life of me understand this. What could be less contentious than a declaration in the Bill that said, "The sovereignty of Parliament is hereby reaffirmed"? The idea that this would somehow open the issue of parliamentary sovereignty to judicial interpretation seems to me the daftest bit of legal advice of the lot. We make the statute and statute overrules everything, so if Parliament is sovereign and says in statute that it is sovereign, we clobber whoever challenges that; indeed—it is up to Parliament—we could actually sack the judge who tried to do that.

Mr Cash: The latest Act would prevail over all the previous Acts. Therefore, in so far as there was any uncertainty or ambiguity in any previous position, including the provisions of clause 18 as drafted, if they were separately enacted, the fact that we had passed an enactment reaffirming our supremacy would be not only a signal to the courts, but a requirement on them to give effect to it.

Mr Jenkin: Absolutely, and it would not be open to Lord Hope or any others to say that the sovereignty of Parliament was being qualified bit by bit because the rule of judges was the fundamental principle of the constitution. It would not be open to him to say that, and Parliament would be able to make it clear to him explicitly that that was not in the constitution of this country. We should want to do that, because we are democrats and we believe that we hold sovereignty on behalf of the British people. We want a democratic political settlement in this country, not rule by judges. That is not just the view of a few people on the Conservative Back Benches; I would hazard a guess that, when it comes to the crunch, it is the view of the British people—the constituents we represent. My hon. Friend the Member for Stone represents an all-party Committee that unanimously accepted much of what Professor Adam Tomkins said.

It is now time for Ministers to accept that they might not be right on this. As I said to the Minister for Europe yesterday afternoon, I have been accused for 18 years of being much too pessimistic about the direction of the European Union, but when have I been proved wrong? That pessimism has been borne out time and again. That has not made me a bitter person; it has made me persistent. I congratulate my hon. Friend the Member for Stone on his incredible persistence, because one thing is certain: this argument would not have been advanced with such sincerity and intellectual rigour without his personal intervention. To that extent, it bears his imprimatur, but he speaks on behalf of the British people on these matters.

Mr Shepherd: When I first came into the House in 1979 it would have been inconceivable that anyone would even discuss the sovereignty of Parliament, because it was so much a part of the fabric of how the nation had been governed, and how it understood its Government, over nearly three centuries. We all know that the doctrine of the sovereignty of Parliament can be a tyranny. It is, after all, only a temporary majority in the House of Commons that can change our constitution and our laws. That knowledge was held by the House and informed the great debate that Lord Hailsham tried to start when he spoke of elective dictatorships, even though he was making a wider point about changes to the constitution. It was certain, however, that this House was sovereign, and that that could be borne because no House of Commons can bind its successor. That created tolerance for any actions that came to be seen as tyrannous, because they could not be held beyond a Parliament. That became a reality when we became a democracy.

I give a cheer for my right hon. Friend the Member for Wokingham (Mr Redwood) and my hon. Friend the Member for Stone (Mr Cash)—who should really be my right hon. Friend—for remembering the constitutional developments involved. The House has now lost any sense of narrative about who we are, what the House is and what this country is. I weep when I hear Labour Front Benchers—and the right hon. Member for Rotherham (Mr MacShane)—these days. Some of them were not here when the wonderful Peter Shore was in the House. In 1982, speaking on a referendum Bill just before the election, he stood up and said that it was inconceivable that a whole generation of British parliamentarians had given away the most sacred trust and the thing that they prized most: democratic self-government. That is always what this has been about: who is the master? The master is the people. I think that the American revolution was the third stage of the English revolution. In fact, we are the representatives of the people, and it is their continuity and their fortitude that we depend upon for the very survival of this House.

During my time in Parliament a lack of trust has developed in the protestations of Government that nothing is really changing. We are told that we do not have to worry our heads. Honourable Ministers have stood at the Dispatch Box and told me that nothing has

really altered, and that in substance we are where we were. That is not borne out, however, by what has happened. The line of direction—where this is all heading—has become painfully clear. It was clear long ago.

The occupied field was referred to earlier, and I see close by the Secretary of State for Work and Pensions, who made his reputation as a newcomer to this House of Commons and was advised that his career was ruined. That is one of the tortures that is extended to everyone. As I look around the House, I see many who were elected because they gave undertakings to their constituents that they profoundly believed that there was a need for an expression directly on behalf of the people on the issues that confront us. I am very interested to see how we drift when we come to the comfort of these Green Benches and we forget the solicitations of the prospect of office. We will forfeit the good will of those we count as our friends if we march towards a conclusion that is not now, I think, that of the British people.

Let me make the argument about why I think this reaffirmation of sovereignty is important. It is because I have seen in my time in Parliament—I am, of course, older than I look, to my regret—the degradation of the sense of the British people that ultimately they control their Government, through general elections. Everyone in this Chamber will have met the disillusioned and the despondent. "It does not matter what we think," they say, "We are ruled by others."

I have already mentioned Peter Shore, but there was also Tony Benn, who had a fivefold construction for the question of whether we are a democracy. I have always refined the issue down to two of his questions, which seemed to convey the essence of the point. First, who makes the laws? Many of our people are deeply confused about that. Are they made in this place or elsewhere? The second question he asked was: how do you get rid of them?

The British people have faced those puzzles for a long time now. We do not know who makes the laws—I am talking about the generality of those whom we represent. They do not know. "Is it Parliament?" "No, it is the European Union." We play up to that game. On the Front Benches, they always pretend it is always someone else—"We are only doing what we have entered into because of a treaty obligation"—but treaties are, of course, subordinate to legislation. We never emphasise that enough. The Crown makes treaties. The common law is subordinate to statute. We do not state that loudly enough when we are confronted with judges who are now trying to propose that arrangements are not quite as we understood them. They know the tyranny that Parliament can be. We are the element that should make this bearable by the people whom we represent. We are their representatives. As I was reminded by my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg), the Second Treatise of Locke, which informed the American revolution, also informs our view of constitutions. It means that we can never give away that which is theirs. Yet we have done that throughout the time I have been in this House.

I support the amendment not because I want to, but because I think it unbelievable that Parliament is being asked to affirm the sovereignty that has been a feature of our constitution for 300 years, as interpreted by constitutional writers, and that we are now seeing judges who equivocate. There are now two legal orders in the country: the European legal order, made up for themselves by the courts of the European Union, and our own legal order. I believe profoundly that the latter must take precedence, and that is the assertion of the sovereignty of Parliament that I should like to see in the Bill. I cannot imagine how the House of Lords will look upon this "expression of sovereignty". Sovereignty is a given, yet now it is questioned.

9 pm

My final point relates to some of what has been said in the speeches to which I have listened today. The act of government, and the acts of Parliament, are an expression of self-confidence as well as self-government. What I have witnessed is a fearful cowering, and a series of Executives who accept things, with modifications, and "triumphs" are always declared. "Game, set and match" still rings in my mind. This is not about that, however; it is about the continuity of our own constitution, and our ability to govern ourselves through this instrument of Parliament. I think that the Members who expressed their views on scepticism and the like in their election manifestos should hold true to the electorate to whom they gave those undertakings and support the words in the amendment, however unnecessary they should be, in the context of the Bill.

Several hon. Members *rose—*

The Second Deputy Chairman of Ways and Means (Dawn Primarolo): Order. Before I call the next speaker, let me remind the Committee that the debate will end at 10 pm. I want to ensure that the Minister has sufficient time in which to answer all the questions that have been put to him, and that the mover of the amendment has time to reply. May I ask the remaining speakers to bear that in mind?

Michael Connarty: As you see, Ms Primarolo, I am surrounded by a large number of papers. I have asked many questions during my time as a member of the European Scrutiny Committee, and I hope that I shall not need to rehearse much of the evidence that we received. I hope that Members have taken the trouble to read that evidence rather than merely bringing their prejudices to the Chamber, warmed up for the day.

This is a joke Bill, and clause 18 is the biggest joke in it. It is a silly Bill. As we have already heard, it gives us no ability to change anything. My hon. Friend the Member for Dunfermline and West Fife (Thomas Docherty) quoted a Member who said today that at least the clause did no harm. In fact, it does nothing positive at all.

I respect the hon. Member for Aldridge-Brownhills (Mr Shepherd), who has often spoken very emotionally about sovereignty and our Parliament's ability to hold back the tide of European power. He emphasised that repeatedly during our debate on the Lisbon treaty, and he spoke very well tonight about many principles that we all hold dear. The joke lies in the suggestion that those principles—of self-government, the will of the people, and the things that we wish to do—have been filtered through clause 18 to give it some force, for it is clear that the clause makes no difference to what went before or what will come afterwards. Section 2(1) of the

[Michael Connarty]

European Communities Act 1972 gave primacy to EU law by the will of this Parliament. That will continue, regardless of whether we pass the Bill—and in particular, regardless of clause 18.

The joke is also being played on the Eurosceptics on the Back Benches, and I think that they know it. The joke is being played on them by the Government, who are suggesting that the clause somehow constitutes a response to the promises that they gave to their constituents. They are saying, "This Conservative-led Government will give you back some kind of sovereignty." As was pointed out by the hon. Member for Daventry (Chris Heaton-Harris), if we pass clause 18, these matters may be judged in court. Professor Tomkins said in his evidence that this was a dangerous clause because it put down a written constitutional principle, and any principle that is written down can then be challenged in court. The measure may therefore tempt Back Benchers to go to court when they feel they are not getting a hearing from Front Benchers.

If the Eurosceptics did not put their careers, and maybe their finances, before their principles, the true solution for them would be to leave the Conservative party, which is clearly not a Eurosceptic party—it is not going to challenge European sovereignty—and to join the UK Independence party instead. They could then try to build up UKIP into a force that people might vote for. It would be a party that wished to change things fundamentally by opposing and overturning the 1972 Act—perhaps by making laws in this place that challenge and ignore current EU law, as the hon. Member for Harwich and North Essex (Mr Jenkin) suggested—and thereby causing that to be judged in a court of law. Would a judge strike it down or not? Would the European Court of Justice try to strike it down by some other means?

That would come about only if UKIP Members were in the majority here in Parliament. It will not come about under this Government. The terrible thing is that this is a joke being played on the British people—on the people who voted for a Conservative party that cloaked itself in Euroscepticism without ever meaning to deliver any change in the relationship between the EU and this Parliament.

When the Lisbon treaty went through I said that it marked a tipping point, in that it was tipping power to Europe in a way that could not be changed unless we changed the 1972 Act, because we cannot get out of the deals that have been done. I was Chair of the European Scrutiny Committee at the time, and I think the rest of the Committee agreed with me.

I happen to like the progress that has been made, however, as I am a Europhile. I think that Europe is our saviour, rather than our enemy. I think that as part of Europe we will go forward as a stronger community and with a better culture than we would have if we broke away from Europe. I have no wish to see my world shrunk politically or culturally, or for the people's rights, defended by Europe, to be taken away by our going back into partisan fights between right-wing capitalists and left-wing statists.

Mr MacNeil: Is the hon. Gentleman in favour of Europe—Brussels—being the sovereign Parliament, or London or Scotland? As a Scottish MP and a Scottish Member of the southern Parliament, where does he want the major power to reside—Edinburgh, London or Brussels?

Michael Connarty: When I observe the behaviour of the current Scottish National party Government in Scotland, I see my world—where I live—shrinking. I see it shrinking to the point of stupidity, wrapped up in trivia and false history. That has no attraction for me at all. The forces of nationalism are very dangerous, particularly in small countries.

Several hon. Members *rose—*

Michael Connarty: I will make some progress.

Several hon. Members *rose—*

Michael Connarty: I will make some progress.

Mr MacNeil *rose—*

The Second Deputy Chairman: Order. Hon. Members are fully aware that only one Member should be on their feet at any one time, rather than everyone standing up and shouting together. Mr Connarty has the Floor. Perhaps Members will bear that in mind, and perhaps they will also bear in mind the clock, in order to ensure that the final Member to be called gets a chance to speak.

Michael Connarty: I certainly will bear that in mind. I am very aware of the clock, and I think—

Mr MacNeil: What's the answer?

Michael Connarty: I think that the—

Mr MacNeil: What's the answer?

Michael Connarty: The hon. Gentleman is showing why my world is shrinking. The bullying culture of nationalism is very fierce.

Mr MacNeil *rose—*

The Second Deputy Chairman: Order. That is enough.

Mr MacNeil *rose—*

The Second Deputy Chairman: That is enough. Mr Connarty has the Floor. I ask the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) to be quiet and to listen to the debate.

Michael Connarty: I am grateful, but I really do not need protection from the bullies on the Scottish nationalist Benches.

I believe that this joke is very serious and dangerous. The Front-Bench team can be very persuasive, and it has to convince people that this Bill, and in particular this clause, changes things—but it does not.

Mr Jenkin: Will the hon. Gentleman give way?

Michael Connarty: I will at the appropriate time. I specifically chose the questions that I asked again and again in the evidence sessions: will clause 18 change the way in which the courts interpret their duty to review legislation in the light of EU law under the European Communities Act—and if not, what is the point of having it? I asked that of everyone who came to give evidence, and they all said that the clause would not change things; when pressed, they said that it would make no difference. In fact, it is a restatement of where we are, and I accept where we are. This is not about giving up sovereignty to the EU or to anyone else; it is about our deciding in this House that we would give the EU power to make laws within certain spheres and that the laws then passed would have primacy. But it is the choice of this Parliament, and if this Parliament chooses to take back that power by doing something that says, "We will challenge this," we are able to do so.

The arrangement is not changed by this clause, but the clause is dangerous because it attempts to con the British people into thinking that it makes a difference. It is also dangerous because Professor Tomkins is right. He is a professor at the university of Glasgow, but he gives advice on constitutional affairs to the House of Lords and he has said that the clause invites a challenge and puts into a Bill something that people will use, perhaps for mischief or for some other reasons.

The clause does not change anything. We have these powers, and we could take them and use them; to put them into a Bill is to mislead people. That is shown in every piece of evidence now lying around me on this Bench: everyone we asked either said that in their written submission or answered the question by saying that it was true that the clause did not make a difference. I listened to the speech made by the hon. Member for Hertsmere (Mr Clappison), and he not only made some good points that agree with what I am saying, but cited some of the evidence that we received from the professors and others, who all said that the clause would make no difference.

It is not right to debate this matter without referring to the amendments, because that is the purpose of this section of the debate. The amendments in the name of the hon. Member for Stone (Mr Cash) and others just add to the confusion. They have drafted something that pretends to be different from the current situation but is not. Adding comments about common law and about preambles before the clause does not change the clause; it just says that under a law that those in this Parliament passed by their sovereign right we gave away certain primacy in law to the EU under section 2(1) of the 1972 Act. What we put before this, or what we put after it, does not make any difference.

Why does a Bill that says, "We will give the people of this country power to make choices, and power over the EU when it makes a proposal," not contain the right to have a referendum on enlargement treaties? Such treaties are the only ones that will definitely come before this Parliament in the next period, and probably for a very long time after the Lisbon treaty. Why does this Bill not say that that power to have a referendum is going to be given to this Parliament? Why does the Bill not provide an automatic decision that such a referendum must be held? It is because the Government are playing a joke, not only on the people in this place but on all the people of the United Kingdom. If the Government were serious, that provision would be in the Bill. If they were serious, the Bill would contain something different from this clause. The amendments in the name of the hon. Member for Stone and others would not change that.

However, amendment 52, which was tabled by the Leader of the Opposition, is worth supporting because it proposes that the Government will report annually on how much of this Bill has been used to challenge anything coming from Europe. That would give everyone a chance to see whether the Bill is the joke that I say it is, or something of substance. I challenge the Government to accept the amendment. If they are serious and really think—I cannot imagine how deluded they would be to think this—that clause 18 makes a difference, I urge them to accept amendment 52, because we would then have a serious matter before us. We would have a Bill approved by the Government that would not just be a waste of time, because it would allow us, and the people of Britain, to judge annually whether it is a waste of time. That would make a major difference where nothing else would.

I am not angry about this, because I already believed that this is what would happen if we ever got a Conservative Government. I said that from the Government Benches as the Lisbon treaty went through, and I said to the person who is now Foreign Secretary and others that if the Conservatives ever got power they would not be the Eurosceptics that they pretended to be in opposition. This Bill and this clause show how true that is.

9.15 pm

Mr Nuttall: I am conscious of the fact that this has been a long debate and that there are many points for the Minister to respond to so I shall keep my remarks short. Much of what I would have said has been admirably covered by my colleagues on this side of the Committee.

It is a sad indictment of how much power has drained away from the House that we have to debate a sovereignty clause. My hon. Friend the Member for Aldridge-Brownhills (Mr Shepherd), who is no longer in his place, said that when he came to the House in 1979, such a debate would have been unthinkable. We must ask why we are in this position now. Obviously, it is because of the European Communities Act 1972, which was the start of the problem. As a result of that Act, the House handed over to Brussels—in those days it was not the European Union but the European Economic Community—the power to take decisions on behalf of the British people on matters of commerce. Over the years, that power has expanded to include many different areas.

I know from my constituents that time and again they are infuriated by the amount of legislation affecting their everyday lives that emanates not from Parliament but from the European Union. I congratulate the coalition Government on trying to do something about this problem, but, sadly, I fear it is too late—like shutting the stable door after the horse has bolted. The problem is that the powers have already gone and we are just putting a sticking plaster over what is sadly now a gaping hole.

I pay tribute to my hon. Friend the Member for Stone (Mr Cash) for attempting to stiffen and improve clause 18 on the House's sovereignty. We should not have to say that this House is sovereign—as Lord Tebbit said in an

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article a few weeks ago, it is rather like the drunk in the bar saying he is sober. The House is sovereign and we should not have to keep saying so. The clause seems to do no more than state what we already know to be the position. It does not try to amend the law at all. It was sensible of the European Scrutiny Committee, as soon as it saw the Bill and this clause, to embark on a detailed examination of what they meant, sensibly calling witnesses before it. The House sets up Select Committees, so it makes sense to heed what they say. The Committee and its Chairman have tabled the amendments to the Bill and for that reason, among others, I will support their amendments.

There are doubts about why it is necessary to include clause 18 in the Bill. The amendments seek to clarify the position, and to make it easier for judges to examine the reasons why the clause has been included, should they ever be in the position of determining where sovereignty lies, as they will see that the House wants to ensure that it lies here with the House. We derive our power from the will of the British people, who give us power. I believe that that power should stay with us in the House, and not be passed to Brussels, but those are arguments for another day. Today is about how we make best use of the work that has been done by the European Scrutiny Committee to strengthen clause 18, and for that reason I support the amendments.

The Minister for Europe (Mr David Lidington): I am grateful to all right hon. and hon. Members who have taken part in today's debate: my hon. Friends the Members for Bury North (Mr Nuttall), for Hertsmere (Mr Clappison), for Daventry (Chris Heaton-Harris), for Harwich and North Essex (Mr Jenkin), for Aldridge-Brownhills (Mr Shepherd) and for Dover (Charlie Elphicke); my right hon. Friend the Member for Wokingham (Mr Redwood) and my hon. Friend the Member for Stroud (Neil Carmichael); and equally the hon. Members for Luton North (Kelvin Hopkins), for Caerphilly (Mr David), for North Durham (Mr Jones), for Dunfermline and West Fife (Thomas Docherty), and for Linlithgow and East Falkirk (Michael Connarty).

The debate has moved between passion and intense thoughtfulness, and both those qualities were demonstrated in the opening speech of my hon. Friend the Member for Stone (Mr Cash). Although he and I have our differences this evening, I want to place on the record my respect not just for the contribution that he has made to tonight's debate but for the commitment that he has shown in his chairmanship of the European Scrutiny Committee. He is a gentleman with whom I may disagree from time to time, but I happily salute him as a patriot and a champion of the rights and privileges of the British Parliament. We differ over which form of words and which draft of amendment will best accomplish the objectives that we seek. As today's debate covers both the question of approving clause 18 and the amendments and new clauses that have been tabled, I want to structure my comments first by making clear the Government's purpose in introducing the clause and then going on to address the individual amendments and new clauses.

Clause 18 addresses the concern that the principle of parliamentary sovereignty, as it relates to European Union law, might in future be eroded by decisions of the United Kingdom's domestic courts. It would provide authority that could be relied on to counter arguments that European law could become an integral and autonomous part of the UK's legal system independent of statute. It responds to concerns that the doctrine of parliamentary sovereignty as it relates to EU law may not be unassailably absolute, and may be qualified. The concern is that the doctrine of parliamentary sovereignty is part of common law—a point illustrated by the report by the European Scrutiny Committee and the evidence it took, and clearly a matter that is subject to intense academic debate and contention.

The risk is that British courts might, in future, be attracted to the argument that European law no longer takes effect in this country by virtue of an Act of Parliament but has become entrenched in our legal system, enjoying an autonomous status—in the jargon, it has become a basic "grundnorm" underlying the UK legal system, to be applied by our courts and against which ultimately UK legislation falls to be measured.

There are three main sources for that concern. The first stems, yes, from the arguments run by the counsel for the prosecution in the so-called "metric martyrs" case of Thoburn *v.* Sunderland City Council. It is worth saying a little about that case because the issues raised were of great significance. The prosecution argued that the European treaties' effect in domestic law did not depend—merely, at least—on the terms of their incorporation by the European Communities Act 1972 but, to a decisive extent, on the principles of European law itself.

The argument was that European law had been entrenched rather than merely incorporated, by virtue not of any principle of domestic constitutional law but of principles of Community law already established in cases such as Van Gend en Loos *v.* Nederlandse Administratie der Belastingen and Costa *v.* Enel, to which hon. Members have referred in this debate.

If that argument had prevailed and if it were to prevail in the future, we would need to think about what the practical effect might be. For example, let me take the prohibition on discrimination on grounds of nationality set out in article 18 of the treaty on the functioning of the European Union. Our courts have recognised that the provision has direct effect in the United Kingdom. Under the prosecution's principle in the "metric martyrs" case, the courts would interpret that prohibition and seek to enforce it as part of UK law, even if Parliament were to remove the statutory mechanism by which it had been given effect in the UK, by either repealing or amending the European Communities Act 1972.

But if we pass clause 18 and enshrine in statute the principle that the authority of European law derives solely from Acts of Parliament, then the courts could not do that because article 18 could have direct effect in the UK only because Parliament had provided a statutory mechanism to allow that. If that statutory mechanism were to be repealed without replacement, there would be no basis on which it could be given direct effect in this country. Although those arguments were rejected by Lord Justice Laws, they could well be made again in future cases.

Mr Cash: That was a case of first instance and we do not know what might happen in future. Does my right hon. Friend accept the reasoning of Lord Bridge in

Factortame? He clearly stated that our adherence to the principles that flowed from an Act—the European Communities Act 1972—and therefore his judgment was based on a voluntary acceptance by this House, in its sovereignty. I add the words "in its sovereignty", because that is the key issue.

Mr Lidington: Yes, and I shall come on to say a bit more about that in a moment.

Mr Jenkin: Clause 18 can be read simply as a historical fact. It does not give continuing force to the sovereignty of Parliament. It states:

"It is only by virtue of an Act of Parliament that directly applicable or directly effective EU law…falls to be recognised and available in law in the United Kingdom."

That is a historical fact, and can be relegated as no more than that.

Mr Lidington: What is different about clause 18 compared with the current legal position is that for the first time it provides a clear statutory point of reference, to which the courts would have to have regard in considering any cases in future that were comparable to that brought before Lord Justice Laws.

The second source of the concern that has been expressed are the various obiter remarks, to which my hon. Friend the Member for Stone and others have referred, made by senior judges such as Lord Hope and Lord Steyn, albeit in cases that did not deal directly with European Union law. My hon. Friend starkly expressed his concern that at least some members of the senior judiciary had an agenda that deliberately set out to challenge the historic privileges and authority of Parliament.

The third source of concern arises from various academic commentators on EU law, ranging from Professor J. D. B. Mitchell back in 1980 to Martin Howe QC in 2009.

Mr Cash: The reference that the Minister slipped in about Martin Howe is quite unreasonable. What Martin Howe said in his written evidence is that he thought that the provision, if it were to be made properly and correctly, ought to be done within the framework of the European Communities Act 1972.

9.30 pm

Mr Lidington: I will come to that precise point later in my remarks. The point I was making a moment ago was that, in a pamphlet published in 2009, Mr Howe expressed very similar concerns to those expressed today by my hon. Friend and others that there is a serious risk—if not an immediate one—that there would be further challenges to the principle that it is only parliamentary action that gives authority to EU law in this country.

We have taken advice from lawyers across Government, not just from those in the Foreign and Commonwealth Office—although I would be the first to defend the lawyers in my Department from some of the criticisms made during the debate. The Government's analysis has led us to the conclusion that to date there is no persuasive legal authority to support the contention that the doctrine of parliamentary sovereignty in relation to EU law is no longer absolute. However, there is a need to put the matter beyond speculation for the future. By confirming in statute that directly effective and directly applicable EU law takes effect in this country only by virtue of an Act of Parliament, we are putting the matter beyond doubt for the future.

Mr David: Just for clarification, is the Minister saying that there is a difference in legal opinion between the lawyers in the Foreign and Commonwealth Office and the rest of Government?

Mr Lidington: Certainly not. I am saying that we made sure we took legal advice from all the relevant Departments across Whitehall. The views I am expressing—what is in the Bill—reflect the legal advice that has been given, as well as the political decisions that Ministers have taken about what should be included in the legislation.

As I said on Second Reading, clause 18 is declaratory or, as my hon. Friend the Member for Dover said, it is a codification. The clause creates a statutory point of reference to which any future court that considers an argument about the source of authority for European law in this country must have regard. It reflects the dualist nature of our constitutional system, under which international obligations—including those assumed by the UK through our membership of the European Union—are not self-executing within the UK legal system. The fact that the UK is dualist means that European Union law is enforceable here only because this Parliament has legislated to make it so. The clause makes it clear that such European law has authority only by virtue of the fact that Parliament has, through its Acts, decided to import it into the domestic legal order.

In the event of any litigation arising where a party sought to claim that directly applicable or effective EU law had an autonomous legal existence in the UK, the other party would be able to counter that argument by referring to clause 18 and, similarly, judges would take this into account in addressing the arguments raised in their judgments.

Mr Cash: I am most grateful for the Minister's final remarks about the judges. He tried to discharge the point, which I had already made, about the argument that comes from the judges in the Supreme Court and the judicial trends—there was pretty well unanimous agreement on those in the evidence that was given to us—towards a diminution of parliamentary sovereignty through the courts. He must accept that the very fact the judges made those remarks with regard to the Hunting Act 2004 and the case of Jackson in 2005 not only indicates but makes it a darned certainty that they will say such things in respect of other case law, irrespective of whether it is in the European framework or not.

Mr Lidington: That enforces the need for us to put on a statutory basis the position that European law has effect here solely because of parliamentary decision and not any other source of authority.

Michael Connarty: Clause 18 says that we gave away our primacy in terms of European law in section 2(1) of the 1972 Act. What is being done in the clause to take back from Europe the power that the people were promised would be taken back?

Mr Lidington: The hon. Gentleman is pre-empting the next section of my speech in which I want to make it clear what clause 18 does not do. I am not going to try to pretend to the Committee that it seeks to accomplish things that it does not do and is not intended to do.

The clause does not alter the existing relationship between European and UK domestic law, nor does it affect the primacy of EU law—a concept developed by

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the European Court of Justice well in advance of our membership of the European Community, and to which this Parliament gave effect in UK law as defined under section 2(4) of the European Communities Act 1972. My hon. Friend the Member for Harwich and North Essex was right to say, in quoting Martin Howe, that the clause would not stop the escalator, but that it would stop things getting any worse, as my hon. Friend would describe it, than the current position. It is worth saying that although Mr Howe made that comment about the escalator, he also said:

"In my view Clause 18 as presently drafted is valuable and is almost certainly sufficient to achieve its intended purpose of preventing judicial drift towards the erosion of the doctrine of Parliamentary sovereignty."

As our judges have recognised to date, Parliament remains free to amend or repeal the 1972 Act, or indeed other Act of Parliament, at any time. But of course the political reality is that if we chose to repeal the 1972 Act or to disapply unilaterally a particular piece of European Union legislation, there would be a serious crisis in terms of this country's relationship with the European Union. That might be a state of affairs that some hon. Members would wish to bring about and see as an opportunity, but that is not the Government's aspiration.

Clause 18 will also not alter the rights and obligations assumed by the United Kingdom on becoming a member of the EU, and it will be in line with the practice of other member states such as Germany, whose federal constitutional court ruled in 1993, in the case of Brunner *v.* European Union, that Community law applies in Germany only because laws passed by the German Parliament say that it does. Similarly, in Denmark the supreme court held in its judgment of 6 April 1998 in the case of Carlsen *v.* Rasmussen that Community law applies in Denmark only by reason of, and to the extent permitted by, the Danish constitution. Therefore, although they have a different constitutional framework from that of our country, other member states have given effect to EU law through sovereign acts.

I want briefly to deal with two challenges that were made to the Government's case: Professor Tomkins's comments about partial legislation being worse than no legislation at all, and why we do not explicitly make this provision an amendment to the 1972 Act. On Professor Tomkins's argument, we disagree with his conclusion. The Government are clear about the particular mischief that we are seeking to address, which is to put beyond speculation the fact that this country has a dualist system and that the rights and obligations under the EU treaty, in order to be justiciable before our courts, have to be incorporated in our system through an Act of Parliament. It has never been the Government's intention in bringing forward this legislation to address the broader issues of potential challenge to parliamentary sovereignty over things such as human rights legislation or the impact of the devolution settlements, to which the European Scrutiny Committee drew attention in its reports.

Mr Jenkin: The confusion arises in thinking that it is somehow possible to segment European law from domestic law when in fact the European Communities Act itself is domestic law, and the judges who are likely to adjudicate on the sovereignty of Parliament are our own domestic judges. It may well be an adjudication on a European case, or it may well be on another case, but unless the Minister addresses the potential challenge from the Supreme Court on whatever case, particularly under European Community law, he is not addressing the problem.

Mr Lidington: My hon. Friend is inviting me to go much further than my Department's responsibilities. I am very willing to put on record that, contrary to Professor Tomkins's fears, the Government, in choosing to legislate in this area, have no intention of indicating that other challenges to parliamentary sovereignty are unimportant or insignificant.

Hon. Members have asked why we are not amending the European Communities Act 1972. The principle that we applied is that what is important is what the clause does, rather than where in the statute book it is placed. Although the 1972 Act is the principal statute by which European law is given effect in this country, it can be argued that it is not the only statute that has that effect. Statutes as disparate as the Trade Marks Act 1994, the Chiropractors Act 1994, the Enterprise Act 2002 and the Equality Act 2006 make reference to giving effect to European law. Some provisions of the Scotland Act 1998, the Government of Wales Act 2006 and the Northern Ireland Act 1998 place Ministers from the devolved Administrations under an obligation to act in accordance with European law. That is why we have made reference in the clause to Acts of Parliament in a generic sense, rather than to the 1972 Act in particular.

Mr Cash: I thought that my right hon. Friend would give way at that point, because he could see that I could not resist making a point. The status of EU law provision—the stand-alone arrangement that is unnecessary in its present form and achieves nothing—refers to the entire gamut of European legislation. If I may say so, it is exceedingly disingenuous of him to trot out the argument given to him by his lawyers that there is a comparison with the Chiropractors Act 1994.

Mr Lidington: We wanted to be certain that the clause caught every piece of legislation that it can be argued gives effect to European Union legislation in this country. My hon. Friend would have been the first Member of this House on his feet to criticise me had I left the loophole of legislation other than the 1972 Act that it can be argued has such an effect.

I shall turn to the specific amendments, starting with amendment 41, which was tabled by my hon. Friend. The amendment seeks to affirm the overall principle of parliamentary sovereignty in relation to EU law. I maintain that there is the difficulty that there is no existing statutory definition of sovereignty. The clause deals with one specific practical expression of parliamentary sovereignty. To introduce the word sovereignty more generally would invite speculative consideration by exactly the kind of ambitious judges whom he fears.

It is clear from the evidence to the Select Committee that there are differences of opinion on the nature of parliamentary sovereignty. Professor Wade is quoted as saying that

"the sovereignty of Parliament is ultimately a judicially recognised 'political fact'. And when the judges recognise that the political facts have changed, the meaning of sovereignty changes accordingly."

Professor Allan is quoted as disputing that:

"sovereignty should be seen, not as judicial recognition of political fact, but as a rule of the common law based on reason just like any other rule of the common law."

Something based on reason is self-evidently subject to change. Therefore, I do not believe that passing the amendment would provide the safeguards that my hon. Friends seek. I do not think that it would achieve the purpose as successfully as the Government's wording in the clause.

Dr Julian Lewis: My right hon. Friend is doing a grand job and has already persuaded me that I should not refuse to vote for clause stand part, but he has not persuaded me not to vote for amendment 41, tabled by my hon. Friend the Member for Stone (Mr Cash). Why, if that amendment is defective in the way that the Minister describes, did our Front Benchers approach my hon. Friend when we were in opposition, take over an identical amendment that he had drafted and run with it extensively in both Houses?

9.45 pm

Mr Lidington: My hon. Friend is ingenious and teasing in his question, but I am here to represent the policies of the Government, not to account for what our party said a few years ago in opposition.

My fear is that the impact of the amendment could be the opposite of what my hon. Friends who support it hope for. My hon. Friend the Member for Stone and Professor Tomkins have warned of a new trend of judicial activism, and my hon. Friend argued that powerful elements in the judiciary were seeking as a matter of policy to challenge the principle of parliamentary sovereignty. I find unpersuasive the argument that to introduce the word "sovereignty" into the Bill would quell that ambition. The word lacks a clear definition—we have found about 30 statutes that include it, and they all refer to territorial sovereignty, not to constitutional authority. There is no existing accepted definition, and I fear that the lack of a clear definition would encourage the very judges against whom my hon. Friends warn me to interpret the substance, scope and limits of sovereignty through judicial activism.

David Morris (Morecambe and Lunesdale) (Con): I wish to pose a question. Let us say, for argument's sake, that the nationalists in Scotland imposed the euro. What powers would we have to defend our sovereignty and economy without the amendment tabled by my hon. Friend the Member for Stone (Mr Cash)?

Mr Lidington: Parliament has the right, which the courts would be obliged to uphold, to repeal or amend the European Communities Act 1972 or any part of it. It also has the constitutional power to disapply a particular piece of EU law, although that would provoke the sort of political crisis in our relations with the EU that I alluded to earlier.

Mr Jenkin: I am incredulous about this argument about the word "sovereignty". Is my right hon. Friend seriously suggesting that if Parliament put into statute the fact that it was sovereign, that would be a come-on to the judges to come and get it? I think if he reflects on that for a short time, he will realise that he has been given a lawyer's excuse for rejecting the amendment, not a proper reason.

Mr Lidington: If one follows the logic that my hon. Friend and others have adduced this evening about the ambitions and activism of certain members of the senior judiciary, and if one considers the arguments that would be made by counsel and parties on both sides if a case were pleaded before a court—they would inevitably draw attention to the absence of any definition of parliamentary sovereignty—one sees that my hon. Friend underestimates the risk that the amendment would encourage judicial activism rather than provide an antidote to it. The concerns about definition apply to other amendments and new clauses, as well.

I wish to say a brief word about the explanatory notes, which have been mentioned in a number of speeches. I note that the European Scrutiny Committee's report recommended that they should reflect the balance of opinion on the matter. As my right hon. Friend the Foreign Secretary said on Second Reading, references to the common law are meant simply as a contradistinction to statute, given that the principle of parliamentary sovereignty is defined nowhere in statute. They are not meant to be determinative of the origin of the principle, which goes far beyond the scope of the Bill.

Although I do not believe that one phrase in seven substantial paragraphs of the explanatory notes bears the weight that some of my hon. Friends have placed upon it, I will respond to the concerns that have been addressed. The coalition will amend the explanatory notes before the Bill enters the Lords, to address satisfactorily the concerns that the European Scrutiny Committee has raised. That will in no sense change the effect of the clause, which is couched in terms of the status of EU law in the UK legal order, and does not refer explicitly to parliamentary sovereignty or take a position on the origins of that principle.

Mr David: Given that the Minister had clearly agreed to change the explanatory notes before the debate, would not it have been courteous to tell the Opposition about his decision?

Mr Lidington: I have had no private conversations with my hon. Friend the Chairman of the European Scrutiny Committee—the hon. Member who expressed concern. The hon. Gentleman is in his place. Like every other hon. Member, he has had the opportunity to hear about the proposed change.

New clause 1 deals with section 3(1) of the European Communities Act 1972. By virtue of that Act, jurisdiction has been conferred on our courts to determine and adjudicate on disputes arising under EU law. That jurisdiction does not arise from the treaties, nor have the courts conferred it on themselves. Courts here possess that power because Parliament has determined that it is appropriate for them to do so and has legislated accordingly.

Section 3(1) of the European Communities Act provides that, for the purposes of legal proceedings in the UK courts, any question about the meaning or effect of the treaties is to be treated as a matter of law and requires the UK courts to take judicial notice of the treaties, the *Official Journal* and any decision of the European Court of Justice. Together with section 2, it is a cornerstone of the European Communities Act and, like the rest of the measure, subject to appeal or amendment by Parliament if we choose.

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New clause 1 would restrict the exercise by the courts of their jurisdiction to interpret and address issues of EU law by ensuring that it does not extend to construction or interpretation by the courts of the nature or legal effect of parliamentary sovereignty.

Mr Redwood: Will the Minister tell the House that he wishes to assert parliamentary sovereignty and resist judicial incursions, even if he will not put that in the Bill?

Mr Lidington: Yes. I am an elected Member of Parliament. I did not campaign for many years to come here to hand over the powers and privileges of the House of Commons to unelected groups of any sort.

New clause 1 is ambiguous because the lack of a definition of parliamentary sovereignty may encourage the courts to intervene rather than discourage them from doing that. I also think that it is mistaken because the primacy of EU law in the UK legal system does not flow from section 3(1) but is addressed under section 2(4) of the European Communities Act. If the intention is to guard against any risk of our courts using European Court jurisprudence to undermine parliamentary sovereignty, I do not think that it would achieve its desired objective given its drafting.

New clause 4 refers to part 3, but its primary focus is clearly clause 18. In one sense, I support the new clause's aim. We have made it clear that clause 18 is declaratory and does not alter the existing relationship between European and UK law, and that the rights and obligations assumed by this country on becoming a member of the EU remain intact. However, I am afraid that the Government cannot support the new clause, which implies that something in clause 18 could adversely affect the existing constitutional law on the sovereignty of Parliament in relation to European law. That is not the case. As hon. Members can imagine, we examined the matter carefully and took legal advice from the Foreign Office and elsewhere in Government. I therefore urge my hon. Friends not to press new clause 4.

Amendment 52, tabled by the official Opposition, need not detain us for too long. It is misleading because it implies that the ECJ has a role in determining how European law takes effect in this country. When the hon. Member for Caerphilly next refreshes his memory by reading the treaty, he might see that this is not a matter that falls within the ECJ's jurisdiction. It is a matter for the UK courts, and no less a figure than Jean-Claude Piris, recently retired as head of the Council's Legal Service, said in his evidence to the Committee that it is for each member state to determine the constitutional mechanisms through which it gives effect to the legal obligations arising from membership of the European Union.

The Government think that this amendment is not necessary. It is not necessary to take up additional parliamentary time through the process that the Opposition propose. In the event that there were to be a serious challenge to the authority and sovereignty of Parliament, I would expect that hon. Members, on both sides, would want an immediate statement from the Minister and an urgent debate, instead of waiting 12 months for an annual report, which is the only remedy that the hon. Gentleman proposes.

In the coalition's programme for government, we said that we would examine the case for a United Kingdom sovereignty Bill, to make it clear that in terms of European law ultimate authority remains with Parliament. Through clause 18, we are affirming and confirming that the status of European law in our legal order is dependent on a continuing statutory basis. That is a commitment that the Government believe it is right to put beyond any future speculation. The place where future UK law and future decisions about the authority of European law should be determined is in Parliament and nowhere else. I commend the clause to the House.

Mr Cash: I am very glad to see that the Prime Minister is in his place for these final moments. He and I have had some interesting correspondence. I thank all hon. Members who have participated in this debate, which included some brilliant speeches from my hon. Friends the Members for Harwich and North Essex (Mr Jenkin), for Hertsmere (Mr Clappison), for Aldridge-Brownhills (Mr Shepherd) and others.

In the brief time that I have left, I confirm that I will press amendment 41 and I would be astonished if anybody voted against it. However, I am certain that they will. The difficulty that they will then be in is that, although I will not move the other amendments because of a lack of time and because the issues have been encapsulated in the debate, I have demolished the argument put up against the amendment that the status clause should not be by virtue of a common law principle, both in respect of the academic arguments and of those that have been put forward by the Foreign Office in the explanatory notes. I have, I believe, demolished the argument relating to the question of parliamentary sovereignty, and I refer the Minister to the State Immunity Act 1978, which clearly deals with the question of the sovereign or other head of state in his public capacity. It is already in an Act of Parliament and, by the way, it is not defined, any more than "the rule of law" is defined in the Constitutional Reform Act 2005. It does not need definition: the statement and the principle stand.

The sovereignty of Parliament is inviolate, but requires to be reaffirmed, as the Prime Minister has repeatedly told us in the past, but unfortunately will not do through this Bill. With respect to the question about section 3, it eliminates the impact of the courts seeking to use the European Communities Act 1972 to achieve their objectives in relation to parliamentary sovereignty. The other provision in new clause 4 reaffirms the existing constitutional law on the sovereignty of the United Kingdom Parliament in relation to EU law, and I am glad that the Minister has said that he agrees with the sentiments, which I believe are justified.

Having said all that, I believe that we have had a thoroughly good debate, and that, above all else, we have proved our point. We know that we are not going to win the vote. The Labour party has completely reneged on its principles, as expressed by the leader of the party when he said that their rubbish amendment was a matter of principle in defending parliamentary sovereignty. He must be joking! The fact is that clause 18 does not defend parliamentary sovereignty either.

10 pm

Debate interrupted (Programme Order, 7 December).

The Chair put forthwith the Question already proposed from the Chair (Standing Order No. 83D). That the amendment be made.

The Committee divided: Ayes 39, Noes 314.

Division No. 161] **[10.00 pm**

AYES

Baker, Steve
Binley, Mr Brian
Bone, Mr Peter
Bridgen, Andrew
Campbell, Mr Gregory
Campbell, Mr Ronnie
Carswell, Mr Douglas
Chope, Mr Christopher
Clappison, Mr James
Cryer, John
Davidson, Mr Ian
Davis, rh Mr David
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Drax, Richard
Field, rh Mr Frank
Goldsmith, Zac
Henderson, Gordon
Hermon, Lady
Hollobone, Mr Philip
Hopkins, Kelvin
Kelly, Chris
Leigh, Mr Edward
Lewis, Dr Julian
McCartney, Jason
Nuttall, Mr David
Reckless, Mark
Redwood, rh Mr John
Shannon, Jim
Shepherd, Mr Richard
Skinner, Mr Dennis
Stanley, rh Sir John
Stringer, Graham
Tapsell, Sir Peter
Turner, Mr Andrew
Walker, Mr Charles
Whittingdale, Mr John
Wilson, Sammy
Wood, Mike

Tellers for the Ayes:
Mr William Cash and
Mr Bernard Jenkin

NOES

Adams, Nigel
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Durkan, Mark
Edwards, Jonathan
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Llwyd, Mr Elfyn
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McDonnell, Dr Alasdair
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew

Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Ritchie, Ms Margaret
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Skidmore, Chris
Smith, Miss Chloe
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Hywel
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Norman Lamb and Stephen Crabb

Question accordingly negatived.

The Chair then put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83D).

Amendment proposed: 52, in clause 18, page 11, line 30, at end add—

'(2) The Secretary of State shall prepare an annual report on the extent to which in the previous 12 months the provisions of subsection (1) have been challenged or questioned in the courts, including the European Court of Justice, identifying any challenge to the declaration contained in that subsection that the status of EU law is dependent on the continuing statutory basis provided by the European Communities Act 1972.

(3) The report made under subsection (2) shall be laid before Parliament for its approval.'.—*(Mr David.)*

Question put, That the amendment be made.

The Committee divided: Ayes 217, Noes 330.

Division No. 162] [10.17 pm

AYES

Abbott, Ms Diane
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr David
Creasy, Dr Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Field, rh Mr Frank
Fitzpatrick, Jim
Fiello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Griffith, Nia
Hain, rh Mr Peter
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hepburn, Mr Stephen
Hermon, Lady
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McClymont, Gregg
McDonnell, Dr Alasdair
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Miliband, rh Edward

Miller, Andrew
Moon, Mrs Madeleine
Morden, Jessica
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reeves, Rachel
Reynolds, Emma
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Wright, David

Tellers for the Ayes:
Angela Smith and Mr David Anderson

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mitchell, rh Mr Andrew

Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robinson, Mr Geoffrey
Rogerson, Dan
Rosindell, Andrew
Roy, Lindsay
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Truss, Elizabeth
Turner, Mr Andrew
Turner, Karl
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Stephen Crabb and Norman Lamb

Question accordingly negatived.

Clause 18 ordered to stand part of the Bill.

The occupant of the Chair left the Chair (Programme Order, 7 December).

The Deputy Speaker resumed the Chair.

Progress reported; Committee to sit again tomorrow.

Business without debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

CUSTOMS

That the Export Control (Amendment) (No. 3) Order 2010 (S.I., 2010, No. 2843), dated 29 November 2010, a copy of which was laid before this House on 29 November, be approved. *(Mr Dunne.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

EUROPE 2020 INTEGRATED GUIDELINES

That this House takes note of European Union Document No. 9231/10, Recommendation for a Council Recommendation on broad guidelines for the economic policies of the Member States and of the Union-Part I of the Europe 2020 Integrated Guidelines, and European Union Document No. 9233/10, Proposal for a Council Decision on guidelines for the employment policies of the Member States-Part II of the Europe 2020 Integrated Guidelines; and supports the Government's engagement with the overall Europe 2020 Strategy which seeks to encourage the structural reforms needed to promote growth in Europe.—*(Mr Dunne.)*

Question agreed to.

PETITION

Minimum Sentence for Murder

10.32 pm

Esther McVey (Wirral West) (Con): The petition has 833 signatures and states:

To the House of Commons,

The Petition of supporters of Families Fighting For Justice and others in Wirral, Cheshire, Merseyside,

Declares that the Petitioners are concerned about the wording of section 170 of the Ministry of Justice Green Paper, Breaking the Cycle: Effective Punishment, Rehabilitation and Sentencing of Offenders, regarding the Schedule 21 of the Criminal Justice Act 2003, particularly the planned simplification to the minimum terms of life sentences which could result in changes to minimum sentencing.

The Petitioners therefore request that the House of Commons urges the Ministry of Justice to consider with severe caution any changes to Schedule 21 of the Criminal Justice Act 2003 to ensure that the length of minimum sentences for murder are not altered so as to reduce the term served.

And the Petitioners remain, etc.

[P000876]

Benefit Entitlements (Joanna Cranfield)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Dunne.)*

10.34 pm

Mr David Amess (Southend West) (Con): In the Christmas Adjournment debate I raised the case of Joanna Cranfield and I asked the Deputy Leader of the House to bear in mind three specific issues concerning Miss Cranfield's circumstances. I am delighted that during the period between my raising the case and tonight, one of those issues has already been dealt with satisfactorily.

Joanna Leigh Cranfield is a 17-year-old young lady who is an exceptional swimmer. She is an up-and-coming talent whom I very much hope will represent the United Kingdom in next year's Paralympics. Joanna was born with her left lower arm and hand missing. Also, her left clavicle is short and twisted, which results in her having a dropped shoulder and a slight curvature of the upper spine. Despite all that, Joanna is, as one might expect, an extremely attractive and glamorous young lady. As a result of the challenges I have mentioned, Joanna suffers from repetitive strain syndrome in her remaining right hand and wrist from overuse. On top of those difficulties, she also suffers from a condition known as pump heel or foot spurs—an abnormal growth of the bone that in turn makes the tendon in her legs short and tight. For that condition, Miss Cranfield has had to undergo an operation to remove part of the deformed bone in her heel. Further to all those conditions, Joanna is under the care of Moorfields eye hospital for light-sensitive eyes and poor 3D vision, which results in her having trouble with depth perception and other abilities that healthy eyes grant, which most of us take for granted.

I am only too well aware that there are hundreds of everyday tasks that Joanna cannot do, but the things she can do she does exceptionally well. Her swimming ability is an example to every one of us and I repeat that I strongly hope she will represent us in next year's Paralympics. She has achieved British records in the swimming pool at a number of different distances within the S9 category, including the 1,500 metres long course and short course, the 800 metres short course, the 400 metres short course and the 200 metres short course. She is a highly competitive swimmer in breast stroke, butterfly and back stroke. How anyone can do all that with one arm beggars belief, but Joanna can. She is a very talented swimmer, and I strongly hope that the Minister will intervene and have a word with our right hon. Friend the Secretary of State for Culture, Olympics, Media and Sport to see whether there is any way in which Joanna, with her particular talents, can be given some sort of funding. Also, if anyone out there has a little extra money in these challenging times and wants to help a Paralympian to achieve her goals, I hope they will help her.

Joanna has received numerous awards for sporting achievement. This year alone she was given the Paralympic hopeful award from the Essex Disability Sports Academy and was named the disability sports personality of the year 2010 in the Rochford district sports awards. Despite her remarkable sporting success, it is clear that Miss Cranfield has a disability that is a great hindrance to her everyday life. For the past five weeks, I have been able to use only one arm, which has presented all sorts of challenges that I had not anticipated. For a young lady such as Joanna, all sorts of tasks, such as grooming her hair and looking after her personal needs, will be jolly difficult. Having met Joanna and her mother on several occasions, the last thing that she wants to be perceived as is disabled. That said, if there is anything at all that can be done through my hon. Friend's departmental responsibilities, Joanna and her family would be very grateful. I hope that our welfare system can help someone in Miss Cranfield's position.

I understand all the arguments about the fact that there has to be a cut-off point, but why, on Joanna's 16th birthday, were almost all the benefits that she received relating to her disability suddenly stopped? I would hope—again, I understand that there has to be a cut-off point, and when someone is 16, they can get married, fight for their country and all those things—that if under the system that is in place, funding has to stop, there would be other sources of funding to help her with her needs.

I return to my opening point, on which success has been achieved. Joanna had been awarded a blue badge and, without wishing to delay tonight's debate, for all sorts of reasons she lost it when she turned 16. I had a number of exchanges with the Minister in the Department for Transport, more or less to no avail, but I have received a letter, dated 4 January, from Southend-on-Sea council that says that it has looked carefully at the legislation and has found that there is some leeway. I am delighted that Joanna has been awarded a blue badge, at least for the next three years, which is a cause for celebration. May I tell colleagues in other parts of the House that if Southend can do it, regardless of party politics, I very much hope that other local authorities will use the same leeway.

Jim Shannon (Strangford) (DUP): I acknowledge Joanna's courage, what she is doing, her energy, ability and drive. It is obvious, however, that Government Departments need to be flexible. Is it the opinion of the hon. Gentleman, and perhaps of the House, that that should be the case? Not everything is black and white—there are in-betweens and grey areas, and this is clearly such a case.

Mr Amess: I am a Government supporter, and the hon. Gentleman slightly challenges me. All I would say is that the two letters I received from the Minister in the Department for Transport stuck to a pretty heavy briefing. I will not enlarge on that any further. However, I challenged the local authority on it, and I am delighted that it found a way through. This is not the responsibility of the Minister responding to this debate, so it would be unfair for me to unload it on her, but I am sure that she will pass the message on to the Department for Transport, because it is utterly ridiculous that Joanna should have been denied a blue badge. I pay tribute to Southend-on-Sea council for finding a way through, and now it is up to all other local authorities, if they experience stonewalling from the Department for Transport, to find a way through the guidance.

Since Miss Cranfield was two years old, she had a blue badge, which was suddenly taken away from her at 16, but I am delighted that it has been restored. She also received disability living allowance at the middle rate, amounting to £47.10 a week; mobility allowance at

[Mr Amess]

the lower rate, amounting to £18.65; and carer's allowance, amounting to £53.10 a week. Since she turned 16, all that has changed, and Miss Cranfield now receives only £18.65 a week. The reason given by the Department for Work and Pensions to Miss Cranfield's mother was that as she was now an adult, she would have to learn to deal with her disability. I do not think for one moment that the Department meant that in an unpleasant way; I think it was saying that she had reached an age at which she basically had to get on with her disability and try to cope with it. It was argued that the condition would no longer be a factor. Her mother seemed to have got the impression that somehow the Department was saying that the disability would go away.

When the Minister replies, she will no doubt say that Joanna's mother had misunderstood the point being made. However, I should tell my hon. Friend that in her last visit to my surgery, Joanna's mother asked whether the Department was expecting her daughter's arm to suddenly grow back; obviously, that would be a ridiculous proposition.

At a tribunal held in January 2010, Miss Cranfield, as was quite proper, was submitted to an intensive interview by a doctor, an occupational therapist and a judge. After the hearing, they decided that Miss Cranfield was not entitled to any further benefits aside from the £18.65 per week that she was already receiving. The main point of contention during the tribunal was that Miss Cranfield does not wear a prosthetic arm.

Joanna cannot have a functioning prosthetic arm as she retains part of an elbow—a floating, pea-sized piece of bone. As a result, doctors are unable to fashion a prosthetic arm with a working elbow. As such, Miss Cranfield can have only an inanimate prosthetic arm with no functioning capabilities. Her mother has brought the arm along to show me. I suppose it is like something that we would see at Madame Tussaud's; it looks very good, with lovely finger nails and all the rest of it, but it literally does nothing at all.

Miss Cranfield has been advised that if she was prepared to have more of her arm amputated, a more functional prosthetic arm could be made for her. However, I understand that the risks are quite high, with the possibility of infection leading to major complications. The Minister will understand that Joanna wants to represent us at the Paralympic games, so she does not want to risk that sort of operation.

At the tribunal, unfortunately, that point was focused on, with one interviewer—apparently; I was not there—accusing Miss Cranfield of not wanting to help herself as she does not wear a prosthetic arm. Her current prosthetic arm, which does not do anything, cost £2,500. It was also said at the tribunal that she should have the operation, but I am sure that the House will understand why my constituent does not want that.

Miss Cranfield has further problems in her efforts to learn to drive. As she has only one arm, it is essential that she drives an adapted vehicle while learning. That is very expensive and she comes from a humble family that does not have the money. Again, I say to my hon. Friend that this issue is all about aspiration, and here we have a 17-year-old who has great aspirations. She does not receive disability living allowance, and that means that the organisation Motability is unable to help her with the cost of buying an adapted car or to help her find a driving school that can meet her needs. Again, she has been clobbered doubly and her ambition has been frustrated.

It is vital that this young lady is given whatever help we can offer. She will, I hope, represent our country in the Paralympics next year and she deserves our full support because she is a very brave young lady. I ask my hon. Friend the Minister if she will review Joanna Leigh Cranfield's case again to see if there is some sort of common-sense approach that could be taken—this is not a matter of special pleading—to ensure that Miss Cranfield receives the benefits to which she is rightly entitled. I also ask the Minister to look further at the guidelines, so that we can ensure that all people who have one missing limb are not forced to go through the degrading process that Joanna has experienced. If there are no further benefits to which my hon. Friend can direct Joanna, I would welcome her thoughts on other lines of funding that may be available to Miss Cranfield to help her live as normal a life as possible.

10.50 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): I thank my hon. Friend the Member for Southend West (Mr Amess) for bringing to the attention of the House the achievements of his constituent Joanna Cranfield. By securing the debate, he has been able to shed light on her remarkable achievements as a role model for young people in this country through her work as a swimmer. I recognise many of the challenges that disabled people can face, and that is what makes Miss Cranfield a truly remarkable young lady. I am sure that all hon. Members will join me in wishing her every success as she aims to compete in the pool at the 2012 Paralympics. It seems that she has achieved such successes thanks not only to her talent but to the support of her family, and we should recognise that.

Margaret Curran (Glasgow East) (Lab): I should perhaps have intervened on the hon. Member for Southend West (Mr Amess). I am not sure whether his constituent Miss Cranfield will be representing England or Scotland. If it is England, may I say that Scotland also recognises her great achievements and truly wishes her well?

Maria Miller: I thank the hon. Lady for her intervention, which was well timed and well made.

However much we hope that Miss Cranfield will succeed in her sporting ambitions, I hope that hon. Members here this evening will understand that I cannot intervene to ask for any individual to be treated differently. Systems are in place to ensure that support is given fairly, and if an individual disagrees with a decision about the support they are awarded, they are given the opportunity to challenge it and ask for an independent appeal process to be undertaken.

The fact that this debate has been initiated illustrates a key concern about the disability living allowance and the widespread misunderstanding of how it is assessed. DLA is paid on the basis of the particular effects that a disability has on a person's care or mobility needs in line with the Government's very real commitment to the social model of disability. DLA is not paid because of a specific health condition. That approach enables decision

makers who decide whether awards are made to take account of what can often be a complex set of health conditions that an individual may need to manage; my hon. Friend outlined the very complex set of conditions that his constituent faces.

I would like hon. Members to be aware that very important safeguards are in place to ensure that each case gets treated fairly on its merits. Such safeguards have been available to Miss Cranfield, although I am sure that hon. Members will understand that I cannot comment on the details of her case on the Floor of the House. When an award is made, people who are unhappy with a decision are fully entitled to have their assessment reconsidered by a different decision maker. That provides an opportunity for the case to be looked at afresh. If, after that review, an individual still feels that their case has not been treated in a satisfactory manner, they can ask for the decision to be considered by an independent appeal tribunal consisting of three members: a legally qualified chairman, a doctor and a person who has experience of the issues faced by disabled people, who may indeed themselves be disabled.

Jim Shannon: I think that everyone appreciates how DLA works, and the fact that it is based on the needs of the person and the need for help with all the everyday things in their life. Perhaps consideration needs to be given to the information given by the GP, the consultant and the families, which are key factors when it comes to making a decision. As I said earlier, this is not black and white: all the facts connected with an individual person have to be considered.

Maria Miller: I thank the hon. Gentleman for his intervention. He is absolutely right that those details need to be taken into consideration. Indeed, as part of the tribunal process an individual, and others, will have the opportunity to attend the tribunal and answer questions so that its members can hear first hand the real impact that a disability or a condition can have on that person's day-to-day care and mobility needs—just the sort of thing that he outlines. If it is considered that the decision of the first-tier tribunal ignored any material facts, or that there was an error in law, the case can be referred to the upper tier for consideration.

Benefit rules are set out by legislation agreed by Parliament, and decision makers have to comply with legislation when considering an individual's case. I am sure that Members will appreciate that it is entirely inappropriate for me, or indeed any other Minister or MP, to try to influence or intervene in cases going through those independent review processes.

My hon. Friend referred to the fact that Miss Cranfield was in receipt of DLA until she was 16, and then her case was reassessed. DLA benefit rules are different for children and adults, and the majority of DLA awards are reviewed at the age of 16, because as people move into adulthood they often learn to manage their disability differently. It is not unusual for a person's care needs to change. Sometimes they significantly reduce, or they may increase, but they often change in some way and we need to take that into account. For children under 16 additional conditions must be met for DLA entitlement, so the conditions to which individuals are subject are different depending on whether they are below the age of 16 or above it. For children under 16, additional conditions will include the need for care, supervision or guidance when out of doors in unfamiliar places, which must be

"substantially in excess of the normal requirements of a child of the same age".

or it must be the case that

"they have substantial requirements which would be expected of a younger child in normal health, but which wouldn't be expected in a child of their age".

This case illustrates a number of drawbacks with the current DLA system. That is why we are so committed to reforming what we believe is an outdated benefit and replacing it with the personal independence payment, which is more clearly understood, more objective, and better focused on the disabled people who face the greatest challenges. We also propose to review entitlement more regularly so that disabled people can easily report changes that might affect their benefit entitlement. Currently, 140,000 people on DLA since 1992 have never had their claim looked at since being awarded the benefit. About 20% of all people on DLA have not had any contact with the Department in the past 10 years, during which their care or mobility needs could have changed significantly in either direction. We plan to introduce the new personal independence payment benefit in 2013-14. Crucially, the new scheme will include an objective assessment of individual needs, which is being developed in collaboration with independent health specialists, social care and disability experts, and of course, importantly, disabled people themselves.

My hon. Friend mentioned the blue badge. I am glad to hear that his local authority, which is responsible for assessing eligibility for the blue badge, has granted his constituent a blue badge at this stage, as it will be best placed to judge the local situation. I am pleased that at least that problem has been resolved.

The debate has highlighted a number of issues that affect disabled people, and I am grateful for the opportunity to focus on the positives, as well as the shortcomings, of the current system. The Government are committed to providing the support that disabled people, especially young adults, need to live active independent lives. I believe that we are putting the right support mechanisms in place to ensure that young adults can make a full contribution—not only through DLA reform but through other schemes such as the disabled students allowance, the disability employment adviser network in Jobcentre Plus, the disabled facilities grant, increased personalisation through right to control, and the access to work scheme. Also relevant to this case is the support provided to Paralympic athletes via UK Sport, which is investing nearly £10 million of public funds in Paralympic swimming for London 2012, from the national lottery and the Exchequer. The Government provide a network of assistance to young adults such as Miss Cranfield.

I have met colleagues across Government to ensure that we support disabled athletes as much as possible, particularly in the run-up to the Paralympics. I shall be happy to write, as my hon. Friend requested, to my counterpart at the Department for Culture, Media and Sport—although that is not the Secretary of State—to ensure that Miss Cranfield is aware of the full support available to athletes in her position. I hope that hon. Members will back the Government's work to enhance the effectiveness of support for disabled people of all ages. Many of us feel strongly that Paralympians can be

[Maria Miller]

incredible role models for both disabled and non-disabled young people in our community. It is important that they receive the appropriate support to reach their potential and to do their best, not only in the Paralympics but in other events.

I conclude by wishing Miss Cranfield every success in the coming months leading up to the Paralympics, and by recognising the remarkable support that she has received from her family and the broader community in my hon. Friend's constituency, which has helped her to achieve her goals. Above all, I hope that we will see her achieve her ambition of representing our country at the 2012 Paralympics. I wish her the best of luck.

Question put and agreed to.

11.1 pm

House adjourned.

House of Commons

Wednesday 12 January 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

INTERNATIONAL DEVELOPMENT

The Secretary of State was asked—

Sudan

1. **Stephen Mosley** (City of Chester) (Con): What funding his Department plans to provide for aid to north and south Sudan in 2011-12. [32712]

5. **Sajid Javid** (Bromsgrove) (Con): What funding his Department plans to provide for aid to north and south Sudan in 2011-12. [32716]

The Secretary of State for International Development (Mr Andrew Mitchell): Our future support to Sudan will be determined by the bilateral aid review, which is on schedule to report by the end of February. Whatever the outcome of the referendum, there will continue to be significant humanitarian and development needs in both north and south Sudan.

Stephen Mosley: According to Transparency International's measures, Sudan rates as the 176th most corrupt nation in the world. What assistance will the Department be offering to help to establish the rule of law and build democratic structures in Sudan, whatever the results of the current referendum?

Mr Mitchell: My hon. Friend is right. Corruption has a devastating impact on the lives of poor people and, indeed, on the confidence of taxpayers in donor countries. It is for that reason that no British taxpayer funds go through the Government of Sudan, but I assure my hon. Friend that we will be working in both north and southern Sudan, whatever the result of the referendum, to increase access to justice and to ensure that in the north, for example, there is much greater transparency in the operation and accountability of local government, and in the south to seek to embed anti-corruption mechanisms from day one, were the referendum to decide that there should be a southern Sudan.

Sajid Javid: I welcome my right hon. Friend's efforts in Sudan. Although attention is rightly focused on the referendum in southern Sudan, the violence in the west means that the situation is still fragile, particularly in the region of Darfur. Can my right hon. Friend reassure the House that his Department is able to help both regions—the south and the west—simultaneously?

Mr Mitchell: Again, my hon. Friend is right. Although things are going extremely well so far with regard to the referendum, and people respect the agreements made under the comprehensive peace agreement, affairs in Darfur have deteriorated. Indeed, in the last week we have been told that 40,000 people were displaced as a result of fighting there. The British Government are absolutely committed to our humanitarian work in Darfur as well as in south Sudan, and through the common humanitarian programme we provide that support throughout the whole of Sudan.

Hugh Bayley (York Central) (Lab): Sudan has been beset by conflict for decades, and I pay tribute to the work of DFID officers in bringing about the peace accord. Can the Secretary of State spell out, whatever the outcome of the referendum, how joined up his policy will be with the policies of the Ministry of Defence and the Foreign Office, to make sure that violence does not erupt again in the south?

Mr Mitchell: The hon. Gentleman rightly points to the importance of the UK Government platform being seamless. That is why, when I was in Sudan in November, I opened a new British Government office in Juba. Last weekend, it was elevated to a consulate generalship and will provide state-of-the-art support for the work that the British Government are doing in southern Sudan.

Ms Margaret Ritchie (South Down) (SDLP): Can the Secretary of State update the House on the progress of any agreed settlement regarding the distribution of Sudanese oil reserves between north and south Sudan?

Mr Mitchell: This is one of the issues that former President Mbeki is particularly addressing in the discussions about Abyei. As the hon. Lady implies, the largest amounts of oil are in southern Sudan but the mechanisms for extracting it and getting it out are pipelines through northern Sudan. The negotiations are continuing and are likely to continue for some time yet.

Malcolm Bruce (Gordon) (LD): The Secretary of State will be aware that oil wealth has not always transformed countries in Africa, or indeed relieved the poverty of those in question. What steps will DFID take to ensure that southern Sudan will have the infrastructure and diversification support it needs so that it does not become another country suffering the Dutch disease because of oil?

Mr Mitchell: The Chairman of the Select Committee draws attention to the resource curse that has afflicted so many countries in that part of the world. The point he makes is being directly addressed. I discussed the matter with President Salva Kiir when I was in Sudan in November. Sudan is one of the most underdeveloped countries in the world, with illiteracy of more than 82% and only 24 km of tarmacked road in the entire country. There is a huge development issue to be addressed, but there is also the ability, through oil wealth, to make real progress over the last five years of the millennium development goals until 2015.

Ms Harriet Harman (Camberwell and Peckham) (Lab): Last year, almost half the people in southern Sudan needed help just to get enough to eat. Southern Sudan has enormous agricultural potential but, as the Secretary of State has just said, there are scarcely any roads or

systems to support food production. We help with emergency food aid, quite rightly, but what more can DFID do to ensure that the people of southern Sudan can get off food aid and develop their own agriculture?

Mr Mitchell: The right hon. and learned Lady is right to suggest that 4.5 million people directly benefit from British food aid in southern Sudan, but that is not a long-term solution. As we have learned in eastern Africa, by contrast with western Africa, it is crucial to try to ensure that food is grown as closely as possible to the people it supplies and that local markets are stimulated close to where there is food and security. That will be one of the key objectives that we will pursue in conjunction with the authorities in southern Sudan.

Afghanistan

2. **Miss Anne McIntosh** (Thirsk and Malton) (Con): What recent assessment he has made of the effectiveness of the delivery of humanitarian aid in Afghanistan; and if he will make a statement. [32713]

The Minister of State, Department for International Development (Mr Alan Duncan): In 2010, international humanitarian aid to Afghanistan fed 3.5 million people, helped 100,000 refugees and built 22,000 emergency shelters. DFID provides support to the International Committee of the Red Cross, to assist families affected by conflict and to provide medical care. As for potential problems this year, we are closely monitoring rain and snowfall levels and would work with the international community to respond to any problem caused by water shortages.

Miss McIntosh: I congratulate the Department on that achievement. Does humanitarian aid extend to the possibility of finding crops to substitute for poppies, to enable Afghanistan to have a proper income and become completely self-sufficient?

Mr Duncan: The answer is yes. DFID's programmes seek to establish sustainable long-term solutions to poppy growing by promoting access to agricultural credit, releasing uncultivated land for productive use and strengthening access to markets for local producers. We are also trying to encourage farmers to grow different crops with a higher market value, including, for instance, pomegranates.

Anas Sarwar (Glasgow Central) (Lab): The Government announced in the strategic defence review and in the comprehensive spending review that 30% of aid will go to fragile states. What proportion of aid will go to Afghanistan?

Mr Duncan: The amounts going to Afghanistan will be significantly increased, but the exact amounts will be announced in due course, when we have completed the multilateral and bilateral review process, which should be announced in the next few months.

Women's Education

3. **Chi Onwurah** (Newcastle upon Tyne Central) (Lab): What programmes funded by his Department support the education of women in developing countries. [32714]

The Secretary of State for International Development (Mr Andrew Mitchell): All my Department's education programmes will have a focus on girls and young women. We will concentrate on enabling girls to progress through to secondary school, where the largest benefits accrue.

Chi Onwurah: I am glad to hear that the Secretary of State is continuing Labour's excellent work in this area. Education is important for developing economies, as it is for our own, but can he confirm that he will not drop Labour's pledge to double support for global education?

Mr Mitchell: We will set out in due course precisely what the results of taxpayer spending will be in respect of education. I hope that we will carry the whole House in focusing directly on the results that we are achieving and spelling out the commitments that we are making not only to British taxpayers but to those we seek directly to help in poor countries.

Richard Harrington (Watford) (Con): Can the Secretary of State assure the House that aid money transferred via the European development fund for women's education or any other project will carry the same transparency and accountability as DFID-related projects?

Mr Mitchell: As my hon. Friend suggests, the EDF is one of the vehicles for achieving that. Along with other members of the European Union, we are leading a drive to increase transparency in the EDF—so far, that message is being reasonably well received. I must point out that although Britain contributes 17% of the EDF's funding, 40% of that funding is spent in Commonwealth countries.

Rushanara Ali (Bethnal Green and Bow) (Lab): Will the Secretary of State turn his attention to women in Haiti? One year on from the earthquake, people continue to suffer and an alarmingly high number of women and girls are subjected to rape and sexual violence every day: 250 women were raped in just 150 days after the earthquake. What is he doing to ensure that the British Government, the EU, the UN and the Haitian authorities are doing everything possible to bring an end to that appalling violence?

Mr Mitchell: The hon. Lady is right to target the current position in Haiti, including the great difficulties that the international community has experienced in making its aid effective and the failures of governance and justice that she graphically identified. Britain is not leading on Haiti—the lead is taken much more by the Americans, Canadians and, indeed, the French, but we were extremely supportive in the initial stages in the aftermath of the earthquake that struck Haiti a year ago, and we continue to help, not least in December, with specific interventions to stop the spread of cholera.

Poverty Reduction (Africa)

4. **Richard Ottaway** (Croydon South) (Con): What his Department's policy is on reducing poverty in Africa. [32715]

The Parliamentary Under-Secretary of State for International Development (Mr Stephen O'Brien): DFID's policy for reducing poverty in Africa focuses, alongside country Governments, on achieving the millennium development goals, including through wealth creation, strengthening governance and security, improving the

lives of women and girls, and tackling climate change. We will implement this policy in a cost-effective and transparent way.

Richard Ottaway: The Minister and I agree that no country has got itself out of poverty without first addressing population growth, and I congratulate the Department on what it is doing in that area. Does he agree, however, that much aid in Africa comes through non-governmental organisations? To what extent are they taking on the need to address population policies?

Mr O'Brien: I thank my hon. Friend for his observations. Last month, my right hon. Friend the Secretary of State launched the framework for results for improving reproductive, maternal and newborn health. It was developed in consultation with NGOs, and it has been widely disseminated and welcomed. Work is under way with NGOs at an international, regional and, indeed, country level to ensure that women have reproductive health choices and to improve the quality and accessibility of services such as those in Malawi, which demonstrates that real progress has been made in ensuring that we tackle the priority of population effects.

Mr Russell Brown (Dumfries and Galloway) (Lab): What assessment have the Minister and the Secretary of State made of the humanitarian situation in Côte d'Ivoire, and what support has his Department provided?

Mr O'Brien: We are giving support primarily through the Red Cross, and we support the measures taken by the EU and the African Union to bring about a peaceful transfer of power in Ivory Coast, which will have the greatest effect on humanitarian interests, including the EU visa ban on Laurent Gbagbo and his closest advisers. We certainly support the UN's position in declaring the presidential election valid, and in insisting that Mr Ouattara is the legitimate winner. The UK stands ready to help through our trusted partners if the humanitarian situation deteriorates.

Mr Gary Streeter (South West Devon) (Con): Access to sanitation is one of the millennium development goals, and will sadly be missed by a mile, but it is hugely relevant to almost every country in Africa. What extra assistance can the Minister's excellent Department give over the next 12 months to try to improve access to water and sanitation for the people of that continent?

Mr O'Brien: My hon. Friend makes an excellent point, and I can certainly assure him that the way in which work will be implemented to achieve access to clean water and better sanitation is central to the programmes developed under the bilateral and multilateral aid reviews, and will be announced in the relatively near future.

Development Assistance Target

6. **Paul Blomfield** (Sheffield Central) (Lab): If he will bring forward legislative proposals to make binding the 0.7% target for official development assistance as a proportion of gross national income. [32717]

The Secretary of State for International Development (Mr Andrew Mitchell): The Government are fully committed to meeting the United Nations target of spending 0.7% of national income on aid from 2013, and will enshrine this commitment in law.

Paul Blomfield: I thank the Secretary of State for his reply, but may I ask him whether he intends to change the definition of what the UK reports as official development assistance, and specifically whether the Government intend to include expenditure on overseas students and refugees within that 0.7% target?

Mr Mitchell: The Government's position is absolutely clear. Aid is defined by the OECD development assistance committee, and those rules are very clear indeed and strictly laid down. The Government have made it clear, as previous Governments have done, that our aid spending will be defined in that way, and only in that way.

Mark Pritchard (The Wrekin) (Con): The Secretary of State will know that a significant part of the existing aid budget goes to the Government of Tanzania. Does he share my concern about the recent actions of that Government and President Kikwete, who have arrested Opposition leaders who currently reside in prison? Will he call for their early release?

Mr Speaker: Order. It is not entirely clear what that has got to do with the UN 0.7% target for official development assistance, but if the Secretary of State can find a way briefly to demonstrate that, I shall be happy to listen.

Mr Mitchell: Well, my hon. Friend, who takes a close interest in these matters, is right to identify the element within the 0.7% that is spent by Britain in Tanzania. We are in close contact with the authorities about the recent events and are of course reinforcing the importance of the rule of law being followed.

Mr Gregory Campbell (East Londonderry) (DUP): In maintaining the target of 0.7%, will the Secretary of State ensure that the issue of corruption, which keeps coming to the fore in relation to overseas aid, will be at the forefront of his mind as we go forward?

Mr Mitchell: The hon. Gentleman is right to reinforce the point made by my hon. Friend the Member for City of Chester (Stephen Mosley) in the first question today, which was about the importance of bearing down on corruption. Corruption not only deprives poor people of the services to which they should be entitled, but undermines and saps the confidence in donor countries of taxpayers who see their money being wasted.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Following the two-year freeze in the overseas aid percentage which was announced in the spending review, there will have to be a sharp increase in 2013 to reach the 0.7% target. Can the Secretary of State tell the House what percentage increase in the overseas aid budget in 2013 will be needed to fulfil that commitment?

Mr Mitchell: As the hon. Gentleman knows, next year we are spending 0.56% of gross national income on development. Over the four-year spending period the figures will be 0.56, 0.56, 0.7 and 0.7%. Many in the House would wish to advance further on this important

cause, but the public finances are inevitably constrained by the appalling economic position that the coalition inherited.

Green Climate Fund

7. **Fiona O'Donnell** (East Lothian) (Lab): What discussions he has had with the Secretary of State for Energy and Climate Change on financial contributions to support climate change mitigation for developing countries through the green climate fund. [32718]

The Parliamentary Under-Secretary of State for International Development (Mr Stephen O'Brien): My right hon. Friend the Secretary of State regularly discusses international climate issues with the Secretary of State for Energy and Climate Change and his ministerial colleagues. We welcome the agreement at Cancun to establish a green climate fund, but no decisions have yet been taken on a financial contribution. *[Interruption.]*

Mr Speaker: Order. There are far too many noisy private conversations taking place in the Chamber. I want to hear Fiona O'Donnell.

Fiona O'Donnell: Thank you, Mr Speaker. I welcome the reaffirmation of the need to support developing countries in responding to climate change, as agreed at Cancun last year, but we still do not have the detail of where the money will come from. Will the Minister reassure the House that money will not be diverted from the aid budget, but that his Government will make additional funds available by doing as we did in government, and setting a cap on the amount of money that can be transferred from the aid budget to respond to climate change?

Mr O'Brien: The clear answer is that the £2.9 billion of international climate finance announced in the spending review is being met out of a rising overseas development assistance budget and will continue to account for less than 10% of ODA, as indeed was set by the previous Government.

Paul Maynard (Blackpool North and Cleveleys) (Con): Will the Minister join me in congratulating students at St Mary's college in my constituency who have been campaigning with the Catholic Fund for Overseas Development to lobby for greater Government aid to developing nations to help to mitigate climate change? Will he assure the House, however, that any money that goes to those developing nations will be subject to robust oversight to make sure that it is spent properly and accountably?

Mr O'Brien: I am pleased to join in congratulating my hon. Friend's local college on its efforts and support. I can assure him that at all times the expenditure made in relation to these and other development issues is being subjected to the new transparency and accountability programmes and rules that we are introducing. That is live as we speak, so he can assure his college that that is in place.

Tax Collection

8. **Catherine McKinnell** (Newcastle upon Tyne North) (Lab): What steps his Department is taking to support the work of Governments in developing countries to increase the size of their tax base. [32719]

11. **Julie Hilling** (Bolton West) (Lab): What efforts his Department has made to support good governance in the field of tax collection in developing countries. [32723]

The Minister of State, Department for International Development (Mr Alan Duncan): Any country requires some level of taxation to fund the basic services that it needs. DFID advises and assists Governments in the development of fair, equitable and efficient systems of collecting tax.

Catherine McKinnell: The Minister will be aware of the Dodd-Frank Act in the United States, which requires companies registered on Wall street to disclose all payments on a country-by-country basis, including tax payments. Will he meet me and representatives of the Publish What You Pay campaign, including NGOs such as CAFOD and Oxfam, to discuss how we can introduce similar legislation in the UK, thereby improving transparency and access to development?

Mr Duncan: It will always be a pleasure to meet the hon. Lady, and I am very happy to do so. The Act requires companies to disclose payments to foreign Governments. We should await the outcome of ongoing work, such as the development of rules on how the Act will operate, before deciding whether UK action is needed.

Julie Hilling: The OECD recognises that poor countries are likely to lose more money through tax dodging than they gain in aid. The coalition agreement promised to clamp down on tax avoidance, so will the Minister set out today what action his Government have taken to push for the introduction of country-by-country accounting? It will cost the Government nothing but make a huge difference to people in developing countries.

Mr Duncan: The OECD and the International Accounting Standards Board are both doing work related to that issue, and we hope that it will help to identify the best way forward. Action to tackle tax evasion through more transparency and the exchange of information, instigated by the G20 and led by the Global Forum on Transparency and Exchange of Information for Tax Purposes, has already produced good results, such as a big increase in the number of bilateral tax information exchange agreements. *[Interruption.]*

Mr Speaker: Order. There is far too much noise in the Chamber. It is very unfair on Members who want to take part in questions to the Secretary of State for International Development. Let us have a bit of order.

Fertility and Reproductive Health

9. **Katy Clark** (North Ayrshire and Arran) (Lab): What recent discussions he has had with his international counterparts on the work of the UN Commission on Population and Development on fertility, reproductive health and development in 2011; and if he will make a statement. [32720]

The Parliamentary Under-Secretary of State for International Development (Mr Stephen O'Brien): The Government regularly discuss with international counterparts the work of the UN Commission on Population and Development to ensure that sexual and reproductive health and rights are included in international strategies. The commission's theme for 2011 is fertility, reproductive health and development.

Katy Clark: I thank the Minister for that answer. He will be aware that we now have the largest ever number of people—1.2 billion—of reproductive age, but we are not spending the money that we set ourselves internationally as targets on reproductive health and family planning. Does he agree that there needs to be greater emphasis on that area, and will he commit his Government to ensuring that more money is provided for it?

Mr O'Brien: I congratulate the hon. Lady on her very accurate observations, which are absolutely fundamental to good development. I assure her that, in the reproductive, maternal health and neo-natal document that we published on 31 December, that is precisely the emphasis on, and increased access to, family planning that is proposed and in which we intend to take a lead, through the design of our programmes, as we roll out their announcement following the bilateral aid reviews.

Emergency Humanitarian Response Capability

10. **John Howell** (Henley) (Con): What recent progress he has made on his review of emergency humanitarian response capability. [32722]

12. **Christopher Pincher** (Tamworth) (Con): What recent progress he has made on his review of emergency humanitarian response capability. [32725]

The Minister of State, Department for International Development (Mr Alan Duncan): The humanitarian emergency response review is an independent review of the UK Government's emergency humanitarian assistance, led by Lord Ashdown. The review team will complete its consultations this month and issue its final report by the end of April.

John Howell: Given the significance of the review, will the Minister explain its remit?

Mr Duncan: The review has a specific focus on rapid onset humanitarian emergencies, which can either be natural disasters or sudden outbreaks of conflict. The urgent international response to disasters is often confused and unco-ordinated. Today is the first anniversary of the devastating earthquake in Haiti, and what happened there will play an essential part in our review. *[Interruption.]*

Mr Speaker: Order. The House must come to order again.

Christopher Pincher: Will my right hon. Friend consider asking the emergency response review team to look at the situation in Tindouf in Algeria, where thousands of Sahrawis have been virtually imprisoned in camps for almost 25 years? Can he raise the profile of that issue?

Mr Duncan: As I explained, the humanitarian review is primarily focused on rapid onset emergencies, and it has therefore not looked at a protracted crisis such as that of the Sahrawi refugee camps in Algeria. We support them, however, through our 13% share in the budget of the European Community's humanitarian aid office, which in this financial year has committed €10 million to support Sahrawi refugees.

Paul Flynn (Newport West) (Lab): What percentage of emergency aid does the Minister believe was included in the £52 million that the Vice-President of Afghanistan, Ahmad Zia Massoud, took from his country to his bolthole in Dubai? Is there any point in pouring money into those funds before we end the corruption that is endemic in the Afghanistan Government?

Mr Duncan: We do everything to make sure that such moneys are paid only through a trust fund and paid only after proven action with proper receipts. We do everything possible to overcome the challenges posed by corruption in any such country.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): The Minister mentioned Haiti. It is clear that some NGOs were not working very effectively together and were actually operating in their own interest. Will the review also consider the better co-ordination of NGOs, both from this country and those under UN supervision?

Mr Duncan: Yes, is the answer. However, I repeat that the review's remit is concentrated and focused on rapid onset humanitarian response—in other words, it is a review of emergency humanitarian response, not of the entire area of all humanitarian action.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [32727] **Mr David Hanson** (Delyn) (Lab): If he will list his official engagements for Wednesday 12 January.

The Prime Minister (Mr David Cameron): I am sure that the whole House would wish to join me in paying tribute to Corporal Steven Dunn from 216 Parachute Signal Squadron who died on 21 December, to Warrant Officer Class 2 Charles Wood from 23 Pioneer Regiment Royal Logistic Corps who died on 28 December, and to Private Joseva Vatubua from the Argyll and Sutherland Highlanders, 5th Battalion The Royal Regiment of Scotland who died on 1 January. These were courageous and selfless servicemen who have made the ultimate sacrifice in the fight to make our country a safer place. We send our deepest condolences to their families, their friends and their colleagues.

This morning, I spoke to the Australian Prime Minister Julia Gillard to send the condolences of everyone in this House and everyone in the country for the appalling floods and the damage that has been done in Queensland, and to say that we are all thinking of her and the Australian people at this very difficult time.

In addition to my duties in the House, I shall have further such meetings later today.

Mr Hanson: I endorse the Prime Minister's condolences to the families of the troops and the Australian people.

The Prime Minister will recall his solemn pledge at the election not to raise VAT. He will also recall his solemn pledge in the coalition document to take robust action on bankers' bonuses. Given that he has broken his first promise and is now reneging on his second, why should we trust anything that he says again?

The Prime Minister: The reason why we have had to put up value added tax is the complete and utter mess we were left by the Government whom the right hon. Gentleman supported. I know that they are now in denial about this, but the fact is that we had one of the biggest budget deficits in the G8 and one of the worst records on debt anywhere that one could mention. We had to take action. The reason we can now discuss calmly taxes and bankers' bonuses and we are not queuing up behind Greece and Ireland for a bail-out is the action that this Government took.

Q15. [32741] **Richard Graham** (Gloucester) (Con): The Prime Minister will know of the good progress made in the regeneration of my constituency. The next phase is the regeneration of city centre assets currently owned by the regional development agency. Does the Prime Minister agree that, in line with our localism agenda, the best thing is to transfer those assets as soon as possible to the city council, for development for the benefit of the city, and can I highlight how much support that has within Gloucester?

The Prime Minister: I pay tribute to my hon. Friend and what he does to help drive the regeneration agenda in Gloucester. There are real opportunities now that the regional development agencies, which were unloved in so many parts of the country, are going and we are having stronger local enterprise partnerships. There is much more room for good local development, including in Gloucester.

Edward Miliband (Doncaster North) (Lab): I join the Prime Minister in paying tribute to Corporal Steven Dunn from 216 Parachute Signal Squadron, Warrant Officer Class 2 Charles Wood from 23 Pioneer Regiment Royal Logistic Corps and Private Joseva Vatubua from the Argyll and Sutherland Highlanders, 5th Battalion The Royal Regiment of Scotland. We pay tribute to them for their heroism, commitment and dedication, and our hearts go out to their families and friends. I also join the Prime Minister in sending condolences to the Australian people for the floods that are affecting them.

In opposition, the Prime Minister said:

"Where the taxpayer owns a large stake in a bank we are saying that no employee should be paid a bonus of over £2,000".

Can the Prime Minister update us on the progress in implementing that promise?

The Prime Minister: What I would say is this—*[Interruption.]* It was the last Government who bailed out the banks and asked for nothing in return. That is what happened. The reason we have difficulties with Royal Bank of Scotland this year is the completely inadequate contract that was negotiated by the Government whom the right hon. Gentleman supported. What we all want to see is the banks paying more in tax, and we will see that; we want to see the banks doing more lending, and we will see that; and we want to see bonuses cut, and we will see that. Perhaps he would now make a constructive suggestion.

Edward Miliband: The country is getting fed up with the Prime Minister's pathetic excuses on the banks. He made a clear promise: no bank bonus over £2,000; it is still on the Conservative website. It is a promise broken.

The Prime Minister cannot answer the question on bankers' bonuses: let us try him on the bankers' tax. Can he explain to the British people why he thinks it is fair and reasonable, at a time when he is raising taxes on everyone else, to be cutting taxes this year on the banks?

The Prime Minister: We are not, is the simple answer. I know that the shadow Chancellor cannot really do the numbers, so there is no point Wallace asking Gromit about that one. Let me give the right hon. Gentleman the figures. Last year, the banks paid £18 billion in tax; this year, they are going to be paying £20 billion in tax. Their taxes are going up.

Edward Miliband: The Prime Minister just needs to look at page 91 of the Office for Budget Responsibility book, published in November, to see that Labour's payroll tax on the banks raised £3.5 billion in addition to the corporation tax that they pay. His banking levy is raising just £1.2 billion. In anyone's language, that is a tax cut for the banks. Why does the Prime Minister not just admit it?

The Prime Minister: I have given the right hon. Gentleman the numbers showing that the taxes are going up from £18 billion to £20 billion—now let me explain the numbers in terms of his bank bonus tax and our bank levy. Obviously he cannot get the numbers from the man sitting next to him, so let me give him the numbers. The bank bonus tax raised a net £2.3 billion, and the author of that tax, the former Chancellor, the right hon. Member for Edinburgh South West (Mr Darling), who is sitting on the Back Benches, says that you cannot go on introducing this tax year after year, and very sensible that is too. The bank levy will raise £2.5 billion each year once it is fully up and running—*[Interruption.]* Yes, £2.5 billion; even the shadow Chancellor can tell the right hon. Gentleman that £2.5 billion is more than £2.3 billion. And with the magic of addition and a bank levy every year, which we supported and he opposed—they said "Don't do it", remember that?—we will raise £9 billion compared with his £2.3 billion. Even the shadow Chancellor can work out that 9 is bigger than 2.3.

Edward Miliband: That is as close as we get to an admission from the Prime Minister that he is cutting taxes on the banks this year. The OBR is very clear that Labour's bank bonus tax raised £3.5 billion; he will be raising £1.2 billion from the bankers' levy.

The Prime Minister cannot answer on bonuses and he cannot answer on taxes: now let us talk about transparency. On this, I think he should listen to the Business Secretary. We know that the Business Secretary is not a man to mess with; he told his surgery before

Christmas that he had a nuclear weapon in his pocket and he was not afraid to use it, so we should listen to him. He said:

"If you keep people in the dark, you grow poisonous fungus."

On this occasion, he was not talking about the Chancellor of the Exchequer—he was talking about the bankers. Why does the Prime Minister not listen to his Business Secretary and implement our proposal for the disclosure of all bonuses over £1 million? It is on the statute book and ready to go—why does he not just get on with it?

The Prime Minister: That was such a long question that I think it is the right hon. Gentleman who should be thinking about the television career, and he should get his brother to run the Labour party—that is probably a better way round. *[Interruption.]* Look, we want greater transparency, but let me put this to him: he had 13 years to put these rules in place—why did he never get round to it?

Edward Miliband: We know that the Prime Minister has no answer when he starts asking me the questions. Why does he not answer the question on transparency? Let me tell the Prime Minister, he is now in the absurd position of being more of a defender of the banks than even the banks themselves. Stephen Hester, the chief executive of the Royal Bank of Scotland, went to the Treasury Select Committee before Christmas and said,

"If the Walker Report"

—a report that the Labour Government commissioned, which made the recommendation—

"were to be implemented for the whole industry, I'm not arguing against it. I have no great problem with the issue of transparency and would have no difficulty."

The Prime Minister has had eight months to hold the banks to account—*[Interruption.]* He has had eight months to hold them to account. When is he going to start?

The Prime Minister: I will take a lecture from a lot of people on how to regulate banks, but I will not take one from the Opposition, who let them get away with absolute murder. Who set up the bank regulation that completely failed? Who bailed out the banks and got nothing in return? Who agreed a Royal Bank of Scotland contract with nothing in it about bonuses for this year? By the way, the right hon. Gentleman was at the Treasury all the way through that. He was there when the previous Government knighted Fred Goodwin. [HON. MEMBERS: "Ah!"] Yes—wait for it—they knighted him for services to banking and sent him away with a £70 million pay-off. That is why no one will ever trust Labour on banking or on the economy again.

Edward Miliband: What was the right hon. Gentleman saying when all that was going on? He was saying, "Deregulate the banks more." He even put the Vulcan in charge of his policy on the banks—planet Redwood and planet Cameron. That is the truth; there we have it. Life in 2011 on planet Cameron: one rule for the banks, another for everybody else. Is it any wonder, as we now know, what his Ministers say in private? In the privacy of his surgery, his Health Minister said:

"I don't want you to trust David Cameron…he has values that I don't share."

The Health Minister knows that the Prime Minister is out of touch, the House knows that he is out of touch and now, because of his failure on the banks, the whole country knows that he is out of touch.

The Prime Minister: I think the right hon. Gentleman knows that this just is not working. We have ended up with a shadow Chancellor who cannot count, and a Labour leader who does not count. When the right hon. Gentleman was in the Treasury, what did he do when the Government set up the regulatory system that failed? He did nothing. What did he do when they paid out £11 billion in bonuses to bankers? He did nothing. What did he do when they said that they had abolished boom and bust? He did nothing. He was the nothing man at the Treasury and he is the nothing man now that he is trying to run the Labour party.

Dr Sarah Wollaston (Totnes) (Con): Brixham coastguard in my constituency has helped more than 2,000 people in the past year. It is earmarked for closure. Will the Prime Minister meet a delegation from Brixham coastguard to hear about the importance of their local knowledge and skills, and to hear how we can avoid a fiasco similar to that of the regionalisation of fire services?

The Prime Minister: I am grateful for my hon. Friend's question. I looked carefully at the time of the announcement at exactly what was proposed for the coastguard. There are proposals to try to put more people on the front line by sharing back-office services and through the way in which the coastguard is co-ordinated. I know that there are very strong local feelings, and I will arrange for her to meet the Transport Secretary to discuss the matter. What is essential is that we have really good coastguard coverage for all of our country.

Q2. [32728] **Tom Greatrex** (Rutherglen and Hamilton West) (Lab/Co-op): The Prime Minister has just confirmed to everybody listening that he is not taking any action on bankers' bonuses, yet at the very same time his Government are removing the mobility element of disability living allowance for thousands of people who live in residential care. Is that the influence of the Liberal Democrats, or the unfinished business of the son of Thatcher?

The Prime Minister: First, I actually said no such thing. The hon. Gentleman obviously was not listening to our interesting exchanges. Let us be clear: we want a settlement in which the banks' taxes go up, their lending goes up and their bonuses come down. Instead of posturing and posing, we are actually doing something about it. Disability living allowance is an important issue, and our intention is very clear: there should be a similar approach for people who are in hospital and for people who are in residential care homes. That is what we intend to do, and I will make sure that it happens.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): Please may I ask the Prime Minister to encourage local councils to look favourably and flexibly on community groups that wish to have roads closed to hold street parties to celebrate the forthcoming royal wedding?

The Prime Minister: I will certainly do that. I know that, outside some of the large trade unions that fund the Opposition, everyone wants to have a real celebration

for the Olympics, the diamond jubilee and the royal wedding, and I think we should certainly make it easier for people to close streets and have street parties.

Q3. [32729] **Alex Cunningham** (Stockton North) (Lab): I also associate myself with the tributes paid to our soldiers who have recently died in the service of our country, including our own Teesside man, Warrant Officer Charlie Wood, a fine soldier and proud Boro football supporter. Our thoughts and prayers are with his family and all the families.

The Prime Minister's Business Secretary compromised himself over the BSkyB takeover bid and his Culture Secretary is a declared admirer of the Murdoch empire. Will the Prime Minister now do the right thing and order the Culture Secretary to refer the takeover bid to the Competition Commission?

The Prime Minister: The hon. Gentleman is entirely right to pay tribute to the soldier from Teesside, and he spoke about him very movingly.

On the issue of the responsibility for media mergers, there is a proper process that needs to be followed. Ministers have a quasi-judicial role in doing that, and I am confident that the arrangements that we have put in place will ensure that that happens.

Mr Bernard Jenkin (Harwich and North Essex) (Con): As chairman of the all-party homeland security group, may I commend the Prime Minister and the Government for having a proper internal discussion about the future of control orders? Given that President Obama himself has been unable to deliver his pledge to close Guantanamo Bay, would it not be ludicrous to suggest that there is some kind of simple answer to the problem? We look forward to seeing the Prime Minister's proposals.

The Prime Minister: I thank my hon. Friend for what he says. There are no simple answers. We face an enormously dangerous terrorist threat, and it is a threat that the British judicial system has struggled to meet. I think that all parties—including the Labour party, funnily enough—have the same goal. The reason we have all talked about reviewing control orders is that we want to ensure that the answer that we come up with is good for liberty and good for security.

Ed Balls (Morley and Outwood) (Lab/Co-op) *indicated assent.*

The Prime Minister: I can see the shadow Home Secretary nodding, and I hope that we can reach all-party agreement on this important issue.

Q4. [32730] **Nic Dakin** (Scunthorpe) (Lab): Does the Prime Minister think that it is fair or reasonable that a 16-year-old in the first year of their training or course should have their education maintenance allowance support withdrawn for the second year? Is that not a case of breaking our promises to those young people and letting them down?

The Prime Minister: The point about EMA is that we will be replacing it, and we want to look carefully at how best to do so, but there are two very important facts that we have to bear in mind. The first is that researchers found that 90% of recipients of EMA would be staying on at school in any event, and the second is that, again with all-party support, we are raising the participation age in education to 18. For those two reasons, I think it is right to look for a replacement that is more tailored and more targeted and that will help to ensure that those children who really need it get that extra money to stay on at school.

Q5. [32731] **Caroline Dinenage** (Gosport) (Con): I know that the Prime Minister understands that there is a huge amount of support for the Arctic convoy veterans of world war two to receive a medal, but does he appreciate that in order for the remaining representatives of that incredibly brave group of men to receive that recognition in their lifetime, the time to act is now?

The Prime Minister: I do; I have considerable sympathy with what my hon. Friend says, and I have put a number of questions to the Ministry of Defence and will go on doing that. *[Interruption.]* Yes, we govern by consent. We have to have proper rules, but it seems to me that the important fact is that people on the Arctic convoys served under incredibly harsh conditions and were not allowed to serve for very long periods, so there is a case for saying that they have missed out. Many of them are coming to the end of their lives, and it would be good if we could do something more to recognise what they have done.

Angus Robertson (Moray) (SNP): Which does the Prime Minister consider to be a worse political betrayal, a Liberal Democrat Deputy Prime Minister who promised not to introduce tuition fees and then did, or a Conservative Prime Minister who promised to introduce a fuel duty stabiliser and did not?

The Prime Minister: You can top all those with a Scottish National party that said it was going to have a referendum on independence and never did. As a predecessor of mine once said, "Frit!"

Q6. [32732] **Stephen Mosley** (City of Chester) (Con): Cheshire West and Chester, my local Conservative-run council, has announced a council tax freeze while protecting essential public services. Many in the country, and indeed some in this Chamber, deny that that is possible. What message would the Prime Minister send to those who deny that it is possible for Government to deliver more for less?

The Prime Minister: I absolutely commend what my hon. Friend says. The fact is that of course we are making reductions in local government grant, although when we look at the figures, we see that what local government will get in 2013 is equivalent to what it got in 2007, so we should keep these reductions in perspective. However, I would urge every local council to look at what it can do by sharing services, sharing chief executives and trying to reduce back-office costs, and by taking the extra money that is there for a council tax freeze, so that they can deliver more for less.

Q7. [32733] **Ian Lucas** (Wrexham) (Lab): With the Government cutting 20,000 front-line police officers, will the Prime Minister give me a commitment that recorded crime will not rise on his watch?

The Prime Minister: I want to see crime come down, because I want to see us get the police out on the beat. The fact is that only 11% of police officers at any one time are out on the beat. I have the figures for North Wales police, and yes, of course there are some spending reductions being made—[HON. MEMBERS: "Answer the question!"] I am answering it. When it comes to the funding, in 2011-12 it will be the same as the funding that the police had in 2007-08, so it is perfectly possible to have effective crime fighting and to get police out on the streets in north Wales.

Q8. [32734] **Miss Anne McIntosh** (Thirsk and Malton) (Con): Given the rural nature of North Yorkshire and the impact of record prices both at the pumps and for household fuel, will the Prime Minister look again at the Chancellor's undertaking in June to introduce a fuel stabiliser and, more especially, at a rebate for remote rural areas such as North Yorkshire?

The Prime Minister: We have looked at a rebate for rural areas, and some progress was made in the Budget on that issue. On the fair fuel stabiliser, yes, the Treasury is looking at it, because clearly there is a case for saying that if it can be shown that the Treasury benefits from extra revenue as the oil price rises, there should be a way of sharing that with the motorist who is suffering from high prices. *[Interruption.]* While we hear all the chuntering in the world from the Opposition, the fact is that the last four fuel duty increases were all in their Budgets.

Paul Flynn (Newport West) (Lab): The proposed closure of the Newport passport office will have a devastating effect on the 250 families involved and a crippling effect on the economy of Newport. Can the Prime Minister give me an assurance that no final decision will be taken until the economic assessment is published and considered?

The Prime Minister: I know how important the passport office has been to Newport and how many jobs it has provided. Obviously we want to see diverse economies right across our country. That is what the regional growth fund is there to help to achieve in areas that are threatened with public sector job reductions, but I will certainly look at the specific question that the hon. Gentleman asks and ensure that he gets an answer.

Q9. [32735] **Nick de Bois** (Enfield North) (Con): The Prime Minister will recall his visit to my constituency hospital, Chase Farm, in support of the campaign to prevent the then forced closure of the A and E and consultant-led maternity services. Does he agree that we should keep to our policy of no forced closures, particularly given the fact that our local GPs—our Enfield GPs—are opposed to them, as indeed are residents to the Barnet, Enfield and Haringey strategy?

The Prime Minister: My hon. Friend makes a very good point. Any local changes to the NHS have to meet four tests: they have to have the support of local GPs; they have to have strong public and patient engagement; they have to be backed by sound clinical evidence; and they have to provide support for patient choice. There were no tests like that under the last Government, who had all these top-down reconstructions. There are now tests, and they will be adhered to by this Government.

Mrs Jenny Chapman (Darlington) (Lab): The Business Secretary wants to move jobs in his Department from Darlington down to Whitehall. What will the Prime Minister do to stop it?

The Prime Minister: We agree with the programme—which was started not by the last Government, but by several previous Governments—of trying to diversify and spread jobs out of Whitehall and into the regions, and we should continue with that. *[Interruption.]*

Mr Speaker: Order. *[Interruption.]* The House must come to order. I want to hear Brandon Lewis.

Q10. [32736] **Brandon Lewis** (Great Yarmouth) (Con): Great Yarmouth has been approved as one of the pathfinder schemes for GP practitioners. The local health teams are excited by the prospects that that offers. What support can the Government give to ensure that we deliver successfully on this project?

The Prime Minister: I am delighted that my hon. Friend's constituency is taking part in the pathfinder project. Those people who say that somehow NHS reform is being introduced in one big start are completely wrong: 25% of GPs are going forward to make this work. There is huge enthusiasm among GPs to get this moving, and I think that it will show real benefits in patient choice. What I would say to everyone in this House is this. The idea that somehow there is a choice of a simple life—where we do not reform the NHS, and when we have rising drug and treatment bills and, frankly, a record in this country of not being ahead in Europe on cancer, stroke and heart outcomes—is not sensible. It is right to go ahead with this modernisation. It will be this coalition driving it forward and the Opposition just digging in and defending an unacceptable status quo.

Jim Shannon (Strangford) (DUP): The Prime Minister will be well aware of the proposed changes to the air-sea rescue and coastguard services, particularly of the proposed closure of the coastguard station in Bangor in Northern Ireland and the exchange of responsibilities to Scotland. Will he assure the House today that the coastguard station at Bangor will be retained and that the responsibility for air-sea rescue will remain in Northern Ireland, so that the people of Northern Ireland and those who use the seas around it will be safe and secure?

The Prime Minister: I have been lobbied extensively about air-sea rescue, including by people from all walks of life, if I may put it that way. I totally understand the need for good air-sea rescue. I think what matters is not necessarily who carries out the service, but whether they are fully qualified, whether it is a good service and whether it is value for money. That is what we have to make sure happens, as in other areas.

Q11. [32737] **Oliver Colvile** (Plymouth, Sutton and Devonport) (Con): In reviewing anti-terrorist laws, will my right hon. Friend ensure that there is a balance between the police having the powers of detention and arrest that they need and ensuring that there is a return to the rule of law, as it is understood?

The Prime Minister: My hon. Friend is absolutely right that we should not depart from normal procedures and practices in British law and justice unless it is absolutely necessary. Every change has to be defended in that way. As I said earlier, we face a terrorist threat that is materially different from what we faced from the IRA. We face a threat where people are quite prepared to murder themselves and as many as they can on any occasion. It is difficult to meet this point by using all the existing methods. That is why control orders were put in place and that is why their replacement must be good both for our liberty and for our security. I am absolutely convinced that we will do that, and in a way that has the support of the police, the security services and all those to whom I pay tribute from this Dispatch Box today for all their work, including over the Christmas period, in keeping us safe.

Q12. [32738] **Jim Sheridan** (Paisley and Renfrewshire North) (Lab): This House recognises the valuable work of the armed forces in promoting and protecting democracy in some of the most dangerous parts of the world. Yet these same armed forces see that the Prime Minister in their own country is sacrificing democracy to a foreign-based media mogul—hear no evil; see no evil. Will the Prime Minister explain why?

The Prime Minister: I am afraid I did not quite get the gist of that question. The point is that media regulation is properly carried out in this country and by this Government, and it will be done in a way that is fair and transparent. That is what needs to happen; that is what will happen.

Q13. [32739] **Richard Ottaway** (Croydon South) (Con): The right to strike is an important one and the hallmark of a free society, but with rights come responsibilities. Does the Prime Minister agree that any union ballot that leads to industrial action should have the majority support of those entitled to vote?

The Prime Minister: I know that a strong case is being made, not least by my colleague, the Mayor of London, for this sort of change. I am very happy to look at the arguments for it, because I want to make sure that we have a fair body of union law in this country. I think the laws put in place in the 1980s are working well. We do not currently have proposals to amend them, but I am happy to look at this argument, because I do not want to see a wave of irresponsible strikes, not least when they are not supported by a majority of people taking part.

Q14. [32740] **Lindsay Roy** (Glenrothes) (Lab): Nye Bevan, a man of great vision and remarkable foresight, once said:

"The Prime Minister has an absolute genius for putting flamboyant labels on empty luggage."

Is this Prime Minister's so-called bonfire of the quangos one such example, because it has turned out to be a damp squib?

The Prime Minister: I do not accept that for a moment. The bonfire of the quangos is going to make sure that we rationalise all the non-governmental bodies and it will save billions of pounds in the process. It is a very sensible process of asking what should be part of Government, which should be properly accountable to this House, and what does not need to be done and therefore can be taken away. As I say, it will save billions of pounds—and a very good thing, too.

Henry Smith (Crawley) (Con): Will the Prime Minister join me in congratulating the Crawley hospital league of friends on helping to secure a new mammogram machine for that hospital? Can the Prime Minister explain other ways in which we can develop better cancer services in this country?

The Prime Minister: I am grateful for my hon. Friend's question. I know that Members in all parts of the House support the efforts of leagues of friends in their constituencies in raising money for their hospitals and doing extraordinary things in terms of equipment and better services. This is a good moment at which to pay tribute to all who take part.

Today we are announcing a new cancer plan that aims to save another 5,000 lives every year by the end of the current Parliament. This is all about the early diagnosis that we need in the NHS, but I must tell the hon. Gentleman that we would not be able to do it if we had not, as a coalition Government, made the right decision to protect NHS spending—a decision completely opposed by the Labour party.

Points of Order

12.30 pm

Ed Balls (Morley and Outwood) (Lab/Co-op): On a point of order, Mr. Speaker. The House has been waiting for the conclusions of the counter-terrorism review since the end of the summer. It now seems that we will not have a statement this week, and that we may not have one next week either. It appears, however, that the full details of the review were leaked to a BBC television station last night. Is that not a shambolic and contemptuous way in which to treat the House in respect of an issue of such vital national importance when, as the Prime Minister said today, consensus is the right way forward? Have you any information, Mr. Speaker, on when we are likely to have a statement, and should that not happen tomorrow or as soon as possible?

Mr Speaker: The short answer to the right hon. Gentleman's question is that I have no knowledge of when a statement is to be made, and I do not want to become involved in hypothetical questions. I am not aware of the disclosure to which the right hon. Gentleman has referred, but as the whole House—including Ministers—is aware, when decisions have been made they must first be announced to the House.

Mr Kevin Barron (Rother Valley) (Lab): On a point of order, Mr Speaker. You will be aware that there is a huge amount of speculation in the press today following yesterday's court hearing involving the hon. Member for Barnsley Central (Mr Illsley) and whether he could now be expelled from the House. May I ask you to clarify whether the matter remains sub judice—

Mr Speaker: Order. I have got the gist of what the right hon. Gentleman is seeking to raise. I can advise him and the House that the matter in question is sub judice until the point at which the judicial process as a whole has been completed. That is established, and there are precedents for it. I hope that what I have said to the right hon. Gentleman and to the House is helpful.

Mr Barron: Further to that point of order, Mr. Speaker—

Mr Speaker: Order. There is no "further to that point of order".

Mr Barron: No motion will be accepted—

Mr Speaker: Order. There is no further point to be made. The right hon. Gentleman has raised the matter and I make no complaint about that, but I feel that I have given a clear indication to the House of what the position is.

Dairy Farming

Motion for leave to bring in a Bill (Standing Order No. 23)

12.33 pm

Stephen Phillips (Sleaford and North Hykeham) (Con): I beg to move,

That leave be given to bring in a Bill to make provision for the minimum prices payable to dairy farmers for the production of milk; to establish minimum distances between intensive dairy farming operations and the nearest settlements; and for connected purposes.

I am grateful for the opportunity to further the debate on an issue that is fundamental to the way of life of many in my constituency and, indeed, people in rural areas throughout the country. That issue is, of course, the future of the British dairy farming industry, which, as hon. Members in all parts of the House will know, has been in crisis for well over a decade—partly because central Government previously showed no real interest in either the dairy farming industry or the farming industry generally, but also because of the huge power of supermarkets and other bulk purchasers to drive down the prices of not just milk but many of the staples of our diet, a power that they have used vigorously and persistently for far too long without having their wings clipped by the House. The power of the supermarkets and other large purchasers may have been good for consumers in the short term, but it has not been good for farmers, and I suspect that it will be beneficial in the longer term neither for consumers nor for those purchasers themselves. The simple fact of the matter is that what has gone on has driven down the price of milk and other commodities to levels where it has become extremely difficult for British farmers to make an acceptable living.

Dairy farming has been part of this country's agricultural economy for many hundreds of years, and it is also part of our rural heritage. That is, or at least was, particularly so in rural areas such as the one that I represent, and it is partly why the reduction in the number of British dairy farmers is of such concern to so many of us. I alluded to the numbers in an earlier Westminster Hall debate, and they are alarming. In 2000, there were 23,286 registered dairy production holdings in England and Wales. Today, that number stands at 11,233.

The factors that I have identified have led directly to the other issue with which this Bill seeks to grapple, which is that we are now beginning to see proposals for the sort of dairy farming industry that I know fills many ordinary people in this country and in my constituency—and, indeed, many traditional dairy farmers—with horror. As many hon. Members will be aware, developers in my constituency are currently seeking planning permission for a so-called super-dairy—in reality, an industrialised milk production facility—at Nocton fen, a beautiful site in the heart of a number of long-established rural communities, which, I must inform the House, are almost universally united in their opposition to the development.

The combination of the downturn in the economy and continued pressure on prices is forcing the farming community to consider intensive production mechanisms like those proposed at Nocton. Those mechanisms give rise to real concerns for animal welfare, and there is real opposition in respect of their effect on local communities and the environment more generally.

[Stephen Phillips]

It is often said by those who live in towns who have no real knowledge of how we live our lives in rural Britain that farmers do not care about the environment or their animals. That argument is as wrong as it is offensive. In my experience, farmers care more about the environment and their animals than any other section of society, but they also have families for whom they have to provide and whom they need to support, and we therefore need to recognise that, whatever measures are introduced in this House and whatever decisions are taken, farmers have to be paid a proper price for the food they produce. If that were already happening in the dairy industry, I would not be introducing this Bill because there would be no need for it. If consumers paid just a few extra pence for their milk, the British dairy industry would not need to consider undergoing the form of fundamental change that proposals such as those for the super-dairy at Nocton involve. This Bill is not primarily about the specific proposals for Nocton, but one aspect of it does deal with intensive dairy farming, which will always affect local communities in various ways.

As I have implied, the contents of my postbag show me that the ongoing application at Nocton is almost universally opposed by the communities in which the development would be sited, and the opposition comes from those who live in settled farming communities and have done so all their lives. This is not nimbyism, therefore; instead, it is a legitimate and entirely understandable desire to maintain a recognisable rural way of life away from the hurly-burly of the industrial practices that have come to be associated with much of the modern world.

Opposition to these types of super-dairies is grounded on a number of rational bases, and I shall mention just two of them. First, there is the question of slurry. I must inform hon. Members that cows produce slurry, which must then be disposed of. Technology can, of course, provide part of the answer, but significant quantities of dirty water will always remain to be disposed of, either through environmentally unfriendly tankering operations or through discharge, which, unless carefully managed, runs the risk of polluting aquifers. This issue is not just about odour—an odour which many of us who live in the countryside are used to, and, indeed, are rather fond of. The fact of the matter is that effluent contains pathogens and other harmful substances, including residues of pesticides and veterinary medicines. The use of anaerobic digestion to process slurry cannot mitigate the entire problem, particularly when dealing with waste from a large numbers of cows.

A second reason for opposition, and another reason why local communities are right to be concerned about proposals for these large-scale dairy operations, is traffic, which comes with any form of industrialised process, whether in farming or any other industry. Large numbers of cows milked for high yields naturally produce large quantities of milk, which needs to be transported, and they also require deliveries of all manner of feed and other products associated with their maintenance and support. In areas where traffic is already an issue, such as Nocton, the strain placed on the existing infrastructure would be, at best, undesirable. In areas where traffic is sometimes thought not to be an issue, perhaps because of their rural nature, the position is worse. Additional movements of heavy and slow-moving vehicles contribute to accidents. Not only are communities in rural areas not used to this type of traffic, but they lack the infrastructure to deal with it. That is certainly the position at Nocton, where such issues have rightly been raised with me by a large number of local people.

Those issues and the others associated with these super-dairies—if they are indeed the route down which the British dairy industry is to go—can be solved by introducing a required minimum distance between such operations and the nearest settlements, as is already the case in many other jurisdictions, including many states in the United States. For that reason, and for all the others that I have given, I respectfully submit that this Bill is timely and I commend it to the House accordingly.

Question put and agreed to.

Ordered,

That Stephen Phillips, Mr Roger Gale, Martin Horwood and Robert Flello present the Bill.

Stephen Phillips accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 10 June, and to be printed (Bill 131).

Postal Services Bill

[Relevant document: The First Report from the Scottish Affairs Committee, Postal Services in Scotland, HC 669-I and –II.]

Consideration of Bill, as amended in the Public Bill Committee

New Clause 2

GUARANTEE OF INTER-BUSINESS AGREEMENT

'Prior to any sale or transfer of a post office company an agreement must be secured to guarantee the inter-business agreement between Post Office Limited and Royal Mail for a period of at least 10 years.'.—*(Bob Russell.)*

Brought up, and read the First time.

12.42 pm

Bob Russell (Colchester) (LD): I beg to move, That the clause be read a Second time.

When social historians come to study the Post Office/Royal Mail between 1980 and 2010, they will wonder how a great British institution, which was exported around the world and was copied by other nations, was allowed to go downhill so quickly. Successive Governments during those 30 years have to share equal blame. The number of post office closures was considerably greater under the Labour Government than in the years of the previous Conservative Government. In my constituency—I am sure that this was repeated around the country—the number of sub-post offices was almost halved under Labour Government policies that were both deliberate and had unintended consequences. For example, no joined-up government was involved when that Government's Department for Work and Pensions put the delivery of Government mail out to the private sector. What makes the situation even worse is that the final journey of every privatised letter and package delivered in this country makes the Post Office/Royal Mail a loss; every private package and private letter is subsidised by the public purse.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Does my hon. Friend know that when I went to meet postmen, as I always do at Christmas, I found that what bothered them more than anything about the Bill was not so much the privatisation element—although they did not particularly welcome that—but that they were walking up drives, delivering letters at a loss? That suggests that the kind of inter-business agreement that led to that regulatory requirement showed a serious deficiency in Post Office management.

Bob Russell: I endorse that. I, too, like many right hon. and hon. Members, visited my local sorting office. It is safe to say, without any contradiction, that morale is not high.

Mr Mike Weir (Angus) (SNP): I have listened carefully to what the hon. Gentleman has said. The inter-business agreement is an agreement between post offices and Royal Mail about the use of post office services. I think the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) was referring to the headroom agreement, which relates to the "last mile". That is a different thing and is not related to the agreement between the two arms of Post Office Ltd.

Bob Russell: The hon. Gentleman has taken a keen interest in this Bill and will know the ins and outs of it far better than I do. I am making the general point that the incompetence of the last Government and of Royal Mail and the Post Office under the jurisdiction of the last Government mean that every time a private package is delivered by the friendly postie, it is at a loss to the public purse. That was my general point. Indeed, I could refer to Postman Pat and his black and white cat. Some hon. Members might have seen the adaptation of Postman Pat by Specsavers, and the agreement that the last Labour Government allowed is like that Specsavers advert—Postman Pat is not on the road, he is driving over the fields and knocking down signposts.

Mr Russell Brown (Dumfries and Galloway) (Lab): I can understand that the hon. Gentleman is unhappy with what happened under the previous Government, but would he care to elaborate on his anxiety and the role of the regulator in constantly squeezing prices, which led to some of the losses?

Bob Russell: The hon. Gentleman may well be right. I might come on to the point about pressing down prices in the future.

I am not a fan of privatisation, either of Royal Mail and the Post Office or of any other aspect of a public utility. My record is proof of that. I did not agree with the proposals that came out under the Labour Government to privatise or part-privatise Royal Mail and the Post Office. Although my heart is against the Bill, my head tells me that it will happen. We must be pragmatic and we must accept the inevitable. I am still hoping that a mutualised company will emerge, as many of our sub-post offices are already run by mutuals through the co-operative movement. That is one way. Another way would be if shares were issued to the work force.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): On the issue of downstream access that my hon. Friend has been addressing, one thing that the Bill does is to give the regulation to a regulator with more robust experience of regulating markets. The most important thing that the regulator will have to do is to ensure that the access arrangements are fair and balanced so that Royal Mail can survive to deliver that crucial universal service.

Bob Russell: As ever, my hon. Friend makes an important and valid point. Those who inherit this Bill, when it becomes an Act, will need to take that on board.

I think I am one of the few people in the House who was once employed by the Post Office. I joined the company in 1973, when it was Post Office Telecommunications. It then became British Telecommunications—that was the first significant split—and it was then privatised. The rest is history, as they say. Many people still refer to that great British institution as the General Post Office, even though it must be 40 or 50 years since the GPO ceased to exist—I am not sure exactly when it was—in the same way as they still refer to the boy scouts, even though they have not been boy scouts for decades.

Returning to the point that the hon. Member for Dumfries and Galloway (Mr Brown) made, I am grateful for this trip down memory lane because when the

[Bob Russell]

previous Postal Services Bill came before the House, the shadow Chancellor was the responsible Minister and he had some harsh words to say about the previous Administration. He said:

"If I was being kind, I would call their stewardship maladroit. If I was being unkind, I would say that Postman Pat's black and white cat would have provided better stewardship of the Post Office over the term of the previous Government."—[*Official Report*, 15 February 2000; Vol. 344, c. 968.]

It is fair to say that we are now back to the modern Postman Pat and the Specsavers advert.

There are 11,905 post offices in the UK, the vast majority of which are sub-post offices run as franchises by sub-postmasters.

Jim Shannon (Strangford) (DUP): Does the hon. Gentleman agree that a 10-year agreement would be a better system for securing the future of the Post Office, especially given that the future of perhaps as many as 1,500 post offices across the United Kingdom might be in question?

Bob Russell: I am grateful for that intervention because the thrust and purpose of my new clause is exactly to enable the new, privatised Royal Mail to ensure that business continues to go to the Post Office and our sub-post offices. There is a general perception of the Post Office and Royal Mail as being one organisation, and I acknowledge that I regard it in that way. I know that they operate as two separate business entities, but just as when British Telecom moved away from the Post Office, it takes time for people to come to terms with the fact that they are two different animals.

Mr Weir: Is that not the crux of the problem? The Post Office does a lot more than simply service the mail delivery system, and by privatising Royal Mail the Government are breaking that link. A Royal Mail focused primarily or solely on mail delivery will not need the other services offered by post offices.

Bob Russell: The hon. Gentleman makes my point for me, so I hope that if we go to a vote he and his colleagues will join me in the Aye Lobby.

We have the network and the operating company, Post Office Ltd, and post offices provide a vital service to communities around the UK, especially, but not only, in rural areas. As I have said, about 10 neighbourhood, suburban community post offices have already shut in my urban constituency.

Mr Mike Hancock (Portsmouth South) (LD): Unlike my hon. Friend, I am not an enthusiastic supporter of the legislation. What will his position be if his new clause is not passed, because he is saying that the Bill will be effective in protecting the things he is interested in only if his new clause is carried?

Bob Russell: I am bound to say that that was not a very helpful intervention from my hon. Friend, particularly as I share a flat with him. At the very least, he could have raised those concerns over the breakfast table.

I think I have made it clear that I am not a fan of the privatisation. I accept the reality of what is going to happen and I am suggesting to the Minister what I think would be in the best interest of our communities. I think that I am making an overwhelming case and it would be great if he accepted my new clause. The previous Government brought in measures on sustainable communities and we are now talking about localism, which is right. To say that the previous Government decimated the system would be wrong: they did more than that because decimation is only 10% and I would have settled for 10%.

Mr Brian Binley (Northampton South) (Con): Would not this measure make the whole transfer or sale deal much more viable and do much more to guarantee the viable retention of a post office network? If it is not accepted, that will all be in danger.

Bob Russell: I am grateful to my hon. Friend for that extremely helpful intervention. Regardless of what we think of the Bill, we all want to retain as many of our sub-post offices as we can.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): Does the hon. Gentleman agree that, for post offices to be sustained, they need regular work? Is he concerned by what postmasters have pointed out—that there has not yet been a guarantee of additional work from the Government? Indeed, post offices might not even win some of the contracts that they have already bid for.

Bob Russell: The hon. Lady is correct and it is a pity that she was not here during the terms of previous Labour Governments to argue that case because they withdrew business from our sub-post offices. That is all on the record and there is no point in anyone seeking to deny it. The deliberate policies of the Labour Government are one reason why so many post offices have shut.

Tony Lloyd (Manchester Central) (Lab): The hon. Gentleman is being very generous in giving way. He began to touch on the importance of the post office network in urban as well as rural areas, but was not able to develop the point. I represent a very urban, inner-city area and the post office network is vital to keeping the business community together. Quite simply, other businesses depend on post offices, which are coming under intense pressure from the supermarkets, for example, so we need to build in protection for the urban as well as the rural areas.

Bob Russell: I am also grateful for that intervention: every intervention so far, with the possible exception of that by my hon. Friend the Member for Portsmouth South (Mr Hancock), has been helpful to my argument. I referred to the rural post offices and I mentioned urban post offices following a series of interventions. The intervention of the hon. Member for Manchester Central (Tony Lloyd) bears that point out. The difference between rural and urban sub-post offices is that at least in urban areas there is a sporting chance that there might be one two miles or so away, whereas in rural areas one might have to add a zero to that distance.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): I do not challenge the hon. Gentleman's recording of history in that certain Government Departments that tendered

their postal arrangements went outside Royal Mail. That is a matter of fact, as he says, but in defence of Labour's record, my right hon. Friend the Member for Edinburgh South West (Mr Darling) secured £1.7 billion to try to keep the network as large as possible. Has the hon. Gentleman made any estimate of how many post offices and sub-post offices his right hon. and hon. Friends will close if his new clause is unsuccessful?

Bob Russell: No, I have not, but I am sure that the Minister, whom I have not yet won over to my argument, will point out that the coalition Government are investing a substantial sum of money in the sub-post office network. That will happen irrespective of what happens to my new clause.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): May I help the hon. Gentleman? Over the weekend, Consumer Focus said that unless there is any progress on this agreement, up to 4,000 post offices could be closed. Does he agree with that assessment?

Bob Russell: I am not in a position to challenge research that other organisations have undertaken. If that is the case, based on the number of closures under the previous Government, I would probably lose at least a third of the remaining sub-post offices in my constituency, which I would not welcome. Indeed, I would be distraught if that happened as a result of the Bill, but I hope that the money that the coalition Government are placing into the network will mean that the losses will not be of that magnitude.

1 pm

Mr Russell Brown: The hon. Gentleman mentioned the amount of Government work that was taken away from post offices by the Labour Government. For the record, would he care to list what Government work was actually taken away? Not just the House, but the wider public would then be able to understand exactly what that means.

Bob Russell: The hon. Gentleman tempts me to rush to the Library to see whether that information would fill one or two sides of A4. We are not talking about one or two things; otherwise sub-postmasters would not have been telling me over the years that they lost business because of the actions of the previous Government—for example, on TV licences.

Mr Brown: I am sure the hon. Gentleman recognises that TV Licensing is not controlled by Government. The authority made a decision to save £100 million, so I have to say to the hon. Gentleman in good faith that it is wrong to make that statement, because TV Licensing is not Government-controlled.

Bob Russell: I am not sure whether I am grateful for that intervention, but if the hon. Gentleman is saying that the previous Government were impotent, I accept his observation.

Richard Fuller (Bedford) (Con): The hon. Gentleman has been so gracious in giving way that I need to go back about four interventions to what he was saying about what the current Government are doing, rather than going into the history. When he acknowledges that the coalition Government have put substantial amounts of money into defending the post office network, does he accept that there really is a commitment behind the Bill to maintain the viability of the post office network, and there must be good reasons why his proposal is not permissible? Would he care to comment on the implications at European Union level?

Bob Russell: I suggest that the hon. Gentleman discuss that last point with the hon. Member for Stone (Mr Cash), who can enlighten him far better than I can. I thank him for the intervention, but the short answer is that I do not know what impact my new clause would have on EU legislation. I am sure that if there would be an impact we will hear about it from one of the Front-Bench speakers at some point.

Michael Connarty (Linlithgow and East Falkirk) (Lab): If the hon. Gentleman looks at the record, he will see that the amount spent by the previous Government in paying out for closures of post offices—in other words, to people who left their post offices and took the King's shilling—came to much more than the sum proposed by the current Government over a four-year period. How much impact does the hon. Gentleman think there will be on post offices from losing the arrangement to do business for Royal Mail, in terms of closures, compared with the paltry sum that is being offered? It may in fact be spent on redundancies and closing post offices, as it has been in the past.

Bob Russell: I need to move on, as my hon. Friend the Member for Bedford (Richard Fuller) suggested. However, in view of that intervention, I must respond by pointing out that the money the previous Government put in was to pay for closures, whereas the money this Government plan to put in will be to keep sub-post offices open. There is a significant difference between the two.

Mr Mike Hancock: Will my hon. Friend give way?

Bob Russell: No.

As the interventions have indicated, the post office network is still fragile. Some 9,000 sub-post offices have closed over the past 20 years. I am advised that 900 are for sale at the moment and that more than 150 are designated as "long-term temporarily closed". That is not a phrase I understand, because I am not sure in which order the words should go.

The sub-postmasters who run those businesses have retired, are about to retire or want to sell their business because it makes no money. That is an important point, because in calculating the number of post offices that are open, Post Office Ltd includes those that are euphemistically described as "temporarily closed". It is clear that many post offices find it hard to survive and sustain business. I am pleased that the Business Secretary recognises the difficulties that face the network. His announcement of a £1.3 billion subsidy will bring much comfort and will help the network to continue to operate for the next four years.

All of us want post offices to operate without subsidy. It is certainly unique that a high street retailer should be financed by the taxpayer; no other retail outlet would be allowed such support and nor would any Government

[Bob Russell]

want to provide it. The subsidy to the post office network reflects the unique nature of the business and the services post offices offer. When the social historians look back, they will acknowledge that just as the telegram has gone, so modern technology means that the business has to adapt. What should have happened in 1997 was a recognition of the potential use of modern technology through that wonderful network of outlets across the country—in towns, cities and villages. The Government should have asked what else that unique network could provide. They did not, and the result was that business continued to go down, which is why we are in the mess we are in now.

The relationship between Royal Mail and Post Office Ltd is governed by the inter-business agreement, or IBA, which sets out in detail the commercial relationship between the two companies. Typically it will include the goods and services that Royal Mail offers exclusively—or not—through the post office network. The IBA is essential to those post offices, as well as their commercial retail activity. I had the privilege of opening a fish and chip shop in a post office so that the owner could, it was hoped, keep the post office going. I believe it was the only fish and chip shop post office in the country. Sadly the post office has gone, but the Myland chippy is still there.

Royal Mail provides the post office business with a significant proportion of its income through transactions in respect of the postage of letters, packets and parcels. As we all know, historically, the combined businesses were known as the General Post Office—the GPO for those of us of a certain age—and then the Post Office. Integrated businesses operated together to handle mail and provide post office services. Over time, the businesses have become increasingly separate and the Bill breaks the company link between Royal Mail and Post Office Ltd entirely—exactly as British Telecom broke away from the Post Office.

There was a time when working for the post office was a family thing; it was generational. There was pride and security of employment, but now, as we have already heard, morale is on the floor. My new clause seeks to ensure that before the sale of Royal Mail, the two businesses have a copper-bottomed inter-business agreement in place and that it stays in place unmolested for 10 years.

Ministers may ask why it is necessary for such an agreement to be in the Bill. No doubt, they will point to the current IBA and, of course, the subsidy the Government, or rather taxpayers, are generously providing. They will point to evidence given in Committee by Royal Mail that it has no intention of breaking its commercial relationship with Post Office Ltd. There should thus be no problem with the new clause, because it will put in writing what the Committee was assured would be the case.

Jim McGovern (Dundee West) (Lab): May I ask the hon. Gentleman about the 10-year period? Why not one year, or an indefinite period? How did he arrive at 10 years?

Bob Russell: That is a good question. The number could be nine or 11. Those with whom I have discussed this point—including the Communication Workers Union and others—are of the view that the period cannot be open-ended. There is general acknowledgement that the provision cannot last for ever. The number of years could be five, eight or 10—it is just a figure. I do not think it was scientifically arrived at—if that is what the hon. Gentleman is asking; it was really a question of trying to cement an existing operational mechanism on a formal legal footing for at least 10 years, in the hope that it would continue way beyond that. It would be a guarantee for 10 years, but the hope is that it would continue.

Mr Mike Hancock: I will try to be helpful to my hon. Friend. I do not support the Bill, but I support the new clause in trying to bring about a significant improvement. In his discussions with the Government, have they given him any explanation of why they would want to resist such a straightforward and sensible measure as the one he proposes?

Bob Russell: If my hon. Friend thinks that I have been spending hours and hours trawling around meeting Ministers—

Mr Hancock: You have been getting up early.

Bob Russell: I was up early—true—but the new clause stands in my name, and I am sure that the Minister is aware of my thinking. I have not persuaded him so far, although I have been speaking for half an hour. I hoped that he might intervene to say that he accepts the argument and my new clause. Until such time as he does, I will keep going and hope I can win him over.

Mr Weir: I thank the hon. Gentleman for giving way; he has been very generous with interventions. He mentioned what the Minister said in Committee, but I can assure him that many of us who served on the Committee were not convinced by the Minister's argument. It seems to me and to many others that the fundamental difference is that Royal Mail and Post Office Ltd are part of the same group and will obviously stick together, but when Royal Mail is privatised we will have a large Royal Mail company and a relatively small Post Office Ltd negotiating an agreement. Does the hon. Gentleman think that Post Office Ltd will come out well from such an agreement?

Bob Russell: I cannot comment on the body language in Committee because I was not there. I tabled the new clause, which, if passed, will deal with the hon. Gentleman's fears. It is as simple as that.

The new clause would protect the post office network from the IBA's possible erosion by a privatised Royal Mail. Ministers might feel differently, but we must ask ourselves why Royal Mail is being privatised. Indeed, successive Governments have argued the same points over the past 30 years.

Damian Collins (Folkestone and Hythe) (Con): Is the hon. Gentleman concerned that, given the nature of change, a 10-year restriction on the inter-business agreement might end up being bad for the Post Office? Under the Bill, new providers may come in, so it might welcome the flexibility to renegotiate the agreement.

Bob Russell: That is certainly a valid argument, although I do not agree with it. I understand what the hon. Gentleman is saying: 10 years could be too restrictive and a shorter period—or, indeed, no period at all—might be beneficial.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Is my hon. Friend aware that there are many examples of private sector companies splitting to become separate entities and that, in almost every case, a shareholders' agreement between them has set the terms until they have been able to operate independently? Is that not precisely what the new clause would do, and is it not simply commercial good practice, which should be commended to the Minister?

Bob Russell: I am extremely grateful to my hon. Friend. If he is called to speak in the debate, I hope he will elaborate on that important and valuable point, of which I was not aware. I am sure he is correct—he would not have said it otherwise—so if it is acceptable for private sector companies to split but still have a legally binding agreement, why cannot we have that in this case? I thank him for making that point.

Royal Mail needs to be free from Government interference. It must become more dynamic—I think that that reinforces my point—and more competitive, as the market for postal services has liberalised. Mr Richard Hooper, who has reported to this Government and the previous Government, has said that Royal Mail's profit is considerably lower than that of other national postal authorities and a lot lower than that of the private carriers. Of course, one reason for that is the subsidised delivery of private mail. Whether or not that is an accurate assessment, the argument in favour of privatising Royal Mail has at its core the desire for the business to grow and become more profitable. As with all private businesses that operate in strongly competitive markets, Royal Mail will undoubtedly want to use the new commercial freedoms it has been given. Indeed, a dynamic Canadian business woman was appointed as chief executive precisely to ensure that Royal Mail can get the best of starts as a wholly commercial entity.

1.15 pm

Chief executives of large private companies have a primary goal: to maximise shareholder value by running their businesses as profitably as they can. Of course, that involves driving down cost, ensuring that distribution channels are as efficient as possible and selling products wherever and however possible. What would a dynamic chief executive make of an inter-business agreement that restricts the ability of the principal business to sell its goods or services? What would Sir Terry Leahy say to a supplier who told him, "You cannot negotiate with me on the price of the goods or services I provide for you"? Tesco—I shop at the Co-op—did not become what it is by being anything other than determined to drive down costs.

We may not always feel comfortable with the relationship that supermarkets have with their suppliers, but they will always say that the No. 1 customer motivation is price and that costs must be controlled. If a chief executive of a large company somehow neglected their obligations to cut costs or gave unfair favour to a supplier, they would have a board, including non-executive directors, and shareholders breathing down their necks. In a few years' time, we face the prospect of a privatised Royal Mail, free from the clutches of my right hon. Friend the Secretary of State for Business, Innovation and Skills, free to innovate and free to do all the things that only privatisation will allow it to do.

Jim McGovern: The hon. Gentleman said that the Communication Workers Union supports the 10-year period. I am part of the Select Committee on Scottish Affairs, and when we visited the sorting office in Glasgow the manager told us that he favours privatisation—the very first Royal Mail employee to say so. Is the hon. Gentleman aware that the CWU has made it clear that it is against privatisation? Does he support the CWU's position?

Bob Russell: I am sorry if the hon. Gentleman is not aware of my views on the Bill. I thought that I had made it quite clear that I do not favour privatisation, but I accept the reality that it will happen, and I am trying to make things as good as I can. Of course I know the CWU's views. I have met CWU people both nationally and locally, and I have told them, "I do not like it, but it's going happen—accept the reality." I do not like lots of things, but we have to accept the reality.

The new clause is designed to try to assist the post office network—our neighbourhood post offices. It is also designed to try to ensure that Post Office workers—the people who deliver our mail—have a sustainable business. That is what it is all about. I have encouraged my local CWU people in Colchester to understand that the concept of mutualisation and employees having shares are positive things—they seem to work for John Lewis, as one model, and for the co-operative movement, as another model—and to embrace, not deny what will happen.

Mr David Anderson (Blaydon) (Lab): I thank the hon. Gentleman for giving way; he is being very generous. Does he agree that neither the Co-op nor John Lewis had arrangements foisted on them by a Government against the will of the work force and the British people?

Bob Russell: I need to reflect on what the Labour Government, particularly Lord Mandelson, had in mind, and how that may or may not differ from the proposals.

I am critical of the Labour Government, but I am also critical of the Government who preceded them. This is the third time that I am going to say this: for the past 30 years, this great British institution has been run down by successive Governments. It was the envy of the world—it no longer is—and ultimately the blame must rest with Government and, it must be said, the somewhat mediocre management for many of those years.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): The problem for Labour Members is that when the Government discuss mutuals or co-operatives, we do not know whether they are proposing a workers' co-operative or a mutual co-operative. We received some indications in Committee, but we do not know for certain what model they are proposing. As has been said, 97% of post offices are independently owned, and we assume that those owners will go into a mutual model.

Bob Russell: I thank the hon. Gentleman for his intervention, and in so doing I return to the confusion about post offices and Royal Mail. If we get confused in this debate, we can understand why the general public are confused too. He is absolutely right that 97% of sub-post offices are not owned by the Government. We are not talking about them—we are talking about Royal

[Bob Russell]

Mail and how privatisation and whatever measures and aspects of the Bill are introduced will assist post offices and Royal Mail and its workers.

Ian Murray (Edinburgh South) (Lab): The hon. Gentleman has been generous in accepting interventions. You talked in response to my hon. Friend the Member for Blaydon (Mr Anderson) about successive Governments running down Royal Mail, which, to use your words, is a national treasure and national institution. Would you therefore agree that it will be your Government who could put the final nail in the coffin?

Mr Speaker: Order. I have not talked about anything and I am not giving any commitments on anything, but Mr Russell might.

Bob Russell: Thank you, Mr Speaker. Which Government did what when will be in the history books, so the hon. Gentleman will have his moment of glory and can say, "It was the dastardly Conservatives and Liberal Democrats wot done it." That is how he would wish to present it, but I am not sure how history would record the demise of Royal Mail and the Post Office if Lord Mandelson's proposals had been introduced, whatever they may have been.

I want to gaze into the future and imagine the agenda of the first board meeting of the newly privatised Royal Mail plc. After a report from the remuneration committee, perhaps the main item of business will be listed as the sponsorship of Sunderland football club. Afterwards, the agenda will no doubt turn to the issue of cost savings to be achieved. Like any other dynamic FTSE 100 company, which Royal Mail, I understand, will become, the board will want to see how it can reduce the cost of its contracts with suppliers. It happens every day in the world of commerce, notwithstanding the helpful contribution from my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso). In that private world, the agreements that I propose in my new clause exist.

A principal supplier to Royal Mail is Post Office Ltd. The board will confer and I have no doubt it will quickly decide two things: first, the cost of the contractual relationship with Post Office Ltd is too expensive and, secondly, limiting the distribution of products and services to the post office network does not work in the best interests of Royal Mail. That is where the analogy with the supermarkets comes in, because the criticism is that they are all-powerful. They determine the contracts with suppliers, they set the price, and if suppliers do not like it, they know what they can do.

Damian Collins: In the scenario that the hon. Gentleman paints, might it not be possible for the Post Office to say to Royal Mail, "Well, if you are going to do this to us, we will look at taking postal services from providers from whom we do not currently accept them, and run them in competition with your service. Would you like us to do that?" It would be an honest negotiation.

Bob Russell: Again, that is a good argument, and the hon. Gentleman may be proved right as time moves on. I hope that that will not be the case, but he makes his point.

Why would it be any different with Royal Mail? It may operate an agreement with Post Office Ltd, but there would be nothing on this earth to stop Royal Mail renegotiating it. In fact, Royal Mail would be obliged to change the terms of the inter-business agreement. It would, under any commercial logic, seek a wider set of outlets for a broader range of its services, including supermarkets, petrol stations and retail outlets. That will take vital revenue away from those post offices that currently have exclusive rights. Royal Mail will seek to chip away at the transactional costs that it pays to Post Office Ltd. It will want to revisit the IBA, renegotiate terms, and demand changes. As they say, it is nothing personal, only business, but every little counts.

What can we do to protect the UK's network of post offices from the predatory actions of a privatised Royal Mail? If we leave the whole issue to be resolved in the commercial arena, there will be only one winner and one big loser. Even more of our neighbourhood and community post offices, both urban and rural, would go.

Jim McGovern: May I take the hon. Gentleman back to proposals to reduce costs, and what he said about there being one loser? Does he agree that probably the biggest cost to Royal Mail is paying its work force, and that the way to reduce costs is probably to drive down terms and conditions, so the biggest loser of all will be the work force?

Bob Russell: I am sure that the hon. Gentleman is right, which is why the new clause is important, not only for the retention of the sub-post office network but for the interests of employees whose morale, as I have said, is exceptionally low.

The new clause seeks to bring certainty, and ensure that the post office network will not face an immediate onslaught from Royal Mail. It places the IBA in legislation and ensures that it cannot be broken for 10 years. I accept that in order to help the process of privatisation along, Royal Mail managers have pledged undying love for their supplier. However, it could be argued that directors of a dynamic, privatised Royal Mail would be negligent in their duties if they did not try to cut the cost of doing business through Post Office Ltd.

The new clause can absolve them of that responsibility. It would enable all sides to point to the legislation and walk away from having to renegotiate the inter-business agreement. It would manage the expectations of institutional shareholders, who would not be able to exert pressure on Royal Mail to cut those costs. I am sure that my right hon. Friend the Secretary of State for Business, Innovation and Skills will recognise that together we are protecting the post office network. The omission of the inter-business agreement from the Bill can now be rectified.

Michael Connarty: Unfortunately, I have to leave the debate early, because I have to attend the European Scrutiny Committee at 2 o'clock.

First, the new clause attempts to ameliorate the impact on Royal Mail and particularly the post office network of what is probably one of the nastiest things that the Government will ever do to the people of the UK. The terrible act of putting up tuition fees up to £9,000 will damage a number of people, and will probably bring about the demise of the Liberal Democrat party, but

the Bill attacks the fundamental structures of society, because it will bring about the closure of a vast number of post offices. Strong arguments were made—and I made them—every time that the previous Government went through another retooling of the post office network at huge cost. The hon. Member for Colchester (Bob Russell) tried to say that Government money set aside for the post office network over the next four years will be somehow be used to keep post offices open. If we look at the amount of money spent by the previous Government paying postmasters and paying for redundancies in the Royal Mail and the post office network when post offices closed in many of the communities that I and all of us represent, it is clear that the money will go in that direction. One reason why it will go in that direction is that the inter-business agreement will not be sustained in a privatised environment.

1.30 pm

Let us look at former privatisations and see what happened to those who supplied services to BT. Let us look at what is happening now, when everyone is screaming about the cost of domestic fuel being charged by the six large energy providers—a cartel by any other name, although the providers say that it is just imperfect competition. It is the market. People are told, "Sorry, it is the market that is causing you to be unable to heat your homes." It is the market that will cause post offices and sub-post offices to close.

It is clear that although Royal Mail management says that it is proud of the present Royal Mail/Post Office arrangement, the market will drive the management to look for cheaper ways of doing things. The example that I always use is what happened in the case of TV licensing. When the television licensing authority wanted to continue to use the post office and sub-post office network to sell its products, the Post Office said, "That's fine. First, you'll pay us a million pounds. In addition to that, you will obviously pay for every transaction." That is what killed the deal—the £1 million that Royal Mail, through Post Office Ltd, wanted to get into its coffers, not the cost of transactions at sub-post offices, and the contract went to PayPoint.

That will happen again and again, because Royal Mail will look at what it gets for its money and will ask whether anyone else will offer the same service. PayPoint is publicly saying that it wants to take over the monopoly of the Post Office for delivering the services that the Post Office delivers now for Royal Mail and for Government Departments, and it will win because it will undercut. It will loss-lead to do so, as it has said so in its business plan. That will threaten what is at present one third of the revenue—£343 million per annum—going to the post office network from Royal Mail. Of that, £240 million is paid to the sub-postmasters. If they are not getting paid their money, they will not run the service.

Mr Russell Brown: I support my hon. Friend. There is no doubt that any of us who speak to our local sub-postmasters and postmistresses will be told clearly that private utility companies have over recent years negotiated prices that have driven down incomes for sub-postmasters. If we do not get the new clause written into the Bill, we will see such ongoing negotiation driving prices down. The Government say that they are providing £1.3 billion, with no closure programme in place. We will see sub-post offices withering on the vine as the years roll forward.

Michael Connarty: My hon. Friend echoes sentiments that are expressed in every post office and sub-post office when any of us take the trouble to ask.

Bob Russell: Will the hon. Gentleman be gracious enough to acknowledge that over the past 13 years his Government's policies, inactivity and general performance created the situation that we are in today? If he wishes to move on with his argument for the future, he should have the good grace, please, to acknowledge past failings.

Michael Connarty: I have no problem doing that. I do not know whether the hon. Gentleman has been in the House when I have spoken about the Post Office in the past. I am the organiser and secretary of the communications workers liaison group in this place. I have opposed every attempt by any Government to bring in schemes to downsize the post office network—every single one of them.

My Government was criticised by me and by the Communication Workers Union. That Government put in a director, Crozier, who walked off with millions of pounds in bonuses for sacking people—for downsizing the number of people at the sharp end and failing entirely to do the one thing that he was tasked to do, which was to bring in the technology to modernise the process of distribution and introduce letter-bundling by street, as is done in any sensible country. He failed and was paid millions of pounds. That sounds like what happened with the banks so it seems as though we did a lot of that under the previous Government.

I am happy to say that the Labour Government got it wrong, because they did get it wrong. I say to the hon. Member for Colchester (Bob Russell) that his party will be judged on how it acts in government, not on how he is acting from the liberal wing of the Liberal Democrats. The orange book Liberals have joined the Tories and will become Tories if they want to stand at the next election. They are sitting opposite me at this moment. They are the people who are destroying the post office network, just as the delusional people in my party cost us millions of votes by doing what is about to be carried to its final conclusion—that is, attacking the structure of our communities.

When a Crown office goes and a sub-post office is put into a sweet shop at the end of the high street, we see the change. We see people queuing outside in the rain because the shop is too small to handle the business. When a sub-post office is put into the back of a small supermarket, as one has in Bathgate, or into a sweet shop, as one has in Linlithgow in my constituency, people in wheelchairs cannot get into the post office when staff create a barrier as they stock the shelves with quick-sale goods. All that happened under our Government, and the measures proposed in the Bill will be worse than any of that.

Mr Weir: The hon. Gentleman is making a good point. He speaks of a post office being put into a sweet shop. Does that not underline the need for the agreement? There is much talk about post offices delivering government business. After the closure programme and the relocation

[Mr Mike Weir]

to paper shops and sweet shops, how many post offices in his constituency will realistically be able to do such business immediately?

Michael Connarty: As I said, the new clause is intended to ameliorate the impact, not to negate it. I would prefer a permanent agreement that the Royal Mail and the Post Office would not be sundered by the Bill. It is an illusion that the market will allow things to become more efficient. I do not believe that.

David Mowat (Warrington South) (Con): Will the hon. Gentleman explain how the Bill, which gives each of the 7,000 currently unviable post offices approximately £200,000 over the next four years to keep going, is an attack on their communities?

Michael Connarty: It might be useful to read the Bill. That is not in the Bill. It is an under-the-counter promise by the Government that they have set aside a sum of money. That is no different from the sum set aside in the past by the Government every time they carried out a reorganisation to sustain the unsustainable. It is clear that those post offices are not viable in the market. If those post offices and sub-post offices lose another £343 million, which is the cost per year if the business arrangement is broken, that is where the money will go. It will replace the money that should have come from the agreement. The money will be required to pay the people. At present 900 post offices are up for sale, apart from those that are temporarily closed, as the hon. Member for Colchester said.

It is important that we realise that, in this process, the Conservative-led Government, supported by the Liberals against their pledges in their own manifesto, are trying to move the Post Office and Royal Mail into a market and away from a controlled situation. There is talk now of the inter-business agreement. There will be talk later of the universal service obligation, which will also be destroyed by the Bill. In the USA, the arch-capitalist country, the postal service is permanently in the public sector. It will not be taken out of the public sector because it is seen as a public institution. We will follow a route that will cause us to destroy part of our institutions.

I do not believe that Members are kidding themselves. I am sure they have talked to their communities when a sub-post office has been closed and heard the anger when that happens. I am sure that they have talked to people when they lose their Crown office and get a second-rate service from a post office put into the back of a supermarket. People do not like it because it destroys the structures of their communities.

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): The hon. Gentleman mentions the United States Postal Service. Is he aware that it made an $8 billion loss last year?

Michael Connarty: What I am aware of is that the public purse supports an institution in the USA. If the Liberal Democrats in the Government are saying that they believe it best not to subsidise but to let the market rip, why do they talk about subsidising those 700 post offices that do not make any money? Is the Minister arguing for the withdrawal of the subsidy in the USA but not here? It does not make sense, and he knows it.

Mr Anderson: Has not the Minister just let the cat out of the bag—that the Liberal Democrats, at least those in the Government, just like the rest of the Government, know the cost of everything but the value of nothing?

Michael Connarty: Tomorrow, the Liberal Democrats will find out the value of making various pledges to the public and then breaking them. Even the proposal to privatise 50% of the Post Office, which was very similar to the proposal that a certain Minister in the Lords made on behalf of the previous Government, has been betrayed by the Liberal Democrats. I shall support the new clause, because it is a cross-party proposal that would ameliorate some damage for a short term. The most important thing, however, is to vote against the Bill and to let people know that what is being done is a dirty deal by the Liberals to let the Conservatives privatise and smash the post office network.

Mr Binley: I congratulate the hon. Member for Linlithgow and East Falkirk (Michael Connarty) he must have trouble pronouncing that; I have trouble with Northampton South—on a robust speech, and I pay tribute to his defence of the Post Office over a very long period. His colours have been clearly nailed to the mast, and that we must accept.

I say to the Minister that I support the general thrust of the Bill, with which I have no problems. I have been a critic of Post Office management for a sizeable time and believe that the organisation's senior staff should be ashamed of the results of their management. It is true that they produced a bottom line that looks slightly healthier, but they left an immensely demoralised work force whom they bullied most unacceptably for years. I might tell those managers that if they had worked for the company of which I am chairman, I would have sought their dismissal.

Let us be absolutely clear that the Post Office and the Royal Mail have not been well served by senior management over recent years, and that makes the difficulty that the Government face even greater. I understand that point, and it is one reason why I have argued consistently for a massive injection of good-quality, creative management in the upper levels of the Post Office's management structure. We have not seen that; we have seen City hatchet men, just at the time when it was necessary to bring in creative, technological management. But this House shares a sizeable amount of the blame for that outcome. I would have wanted things to be done differently, as indeed would the hon. Member for Linlithgow and East Falkirk. We have argued for that jointly. We might disagree on a number of things, but on that we have been as one.

I genuinely share the Government's ambition to create in the Post Office a new management structure that can come to terms with a quickly and massively changing technological marketplace. That particular attempt is absolutely vital, and it means a sizeable commercial injection from the private sector. I have no doubt about that, or that the Post Office was one of those organisations that had almost immured itself from the necessary quality of management. I have equally no doubt, however, and I shall say it again, that bringing in City hatchet men was not the way to deal with the problem.

1.45 pm

Mr Davey: It is not appropriate for me to comment on the previous management, but I invite my hon. Friend to contact the new chief executive of Royal Mail, Moya Greene, and the new managing director of Post Office Ltd, Paula Vennells. If he seeks to meet them and to listen to them, he will find that the management in Royal Mail and in Post Office Ltd are of the highest calibre.

Mr Binley: I, of course, welcome the Minister's intervention in that respect. I have no wish to vilify the current management; I just make a statement about why we are in our current position with the Post Office. We have to be realistic if this debate is to have any meaning at all. I have outlined an important reason for being in the position we are in, and I have no fear in doing so.

Michael Connarty: Will my hon. Friend—on this issue—take from me a factual statement? In front of witnesses, we met the previous Minister with responsibility for the matter, Lord Mandelson, and put it to him that the manager, Crozier, who by the way comes from Falkirk, had been an absolute disaster and failed. One of my party's Whips asked why he was still in post, and Lord Mandelson's civil service leader said, "He was the best we could get at the time."

Mr Binley: I am grateful for the interjection. What an awful statement for somebody concerned with a business to make, but then I have never been very keen on the gentleman's boss: I would not have appointed Lord Mandelson, either.

Richard Fuller: To echo the Minister's comments about the observations on the current management by Members on the Public Bill Committee, I note that there has been a substantial improvement on the legacy management. The current management really shine a torch forward for Royal Mail Group. Does my hon. Friend the Member for Northampton South (Mr Binley) echo my sentiment that, in the sight of ineffective, hostile management over many years, there was an excellent outcome when the Communication Workers Union and other unions put together a modernisation programme and commitment for our postal services, privatised or otherwise, for the long term? That was a substantial triumph by the unions against hostile management.

Mr Binley: I accept that interjection and support that point, too, because I was one of those who consistently said that we should be proud of our Royal Mail work force. I am sure that my hon. Friend visits his local sorting offices, as the hon. Member for Linlithgow and East Falkirk and I do. We visit our sorting offices and post offices regularly and we know the quality of people we are dealing with. I would be proud to have them in any organisation with which I was associated, so paying tribute to the work force at this stage has real value. I accept that and thank my hon. Friend for his intervention.

To return to the main thrust of my contribution, I am concerned that, unless we are careful, the separation of Royal Mail and post offices will have a sizeable detrimental effect on the viability of the post office network. The truth is that the network is a diminishing resource even as we speak. My hon. Friend the Member for Colchester (Bob Russell), who moved the new clause, said that some post offices had temporarily closed. Well, if you believe that, you'll believe anything. In truth, they are closed for business, just as many pubs are, which is another problem in rural areas—but not a part of the Bill.

Mr Weir: I have some experience of the Post Office in my constituency, and a long-term temporary closure effectively means that, although the Post Office accepts that there should be a post office in that location, the branch has closed because someone has retired or died and the organisation cannot find anyone willing to take it on. One reason for that is uncertainty about the future.

Mr Binley: I am most grateful to the hon. Gentleman, whom I worked with for some time on the Business, Innovation and Skills Committee, for that intervention. He spent many hours with me questioning the management whom I have criticised so heavily. He is absolutely right: temporary closure does not take into account the fact that post offices are private businesses that need to have people to buy them, run them and invest in them. My hon. Friend—I mean the hon. Gentleman, but he is still my friend—makes a valid point. The post offices are for sale, but there are not any buyers for them. The reason is not difficult to work out. I have grave concerns about the viability of the Post Office.

Jim McGovern: I am sure that the hon. Gentleman would agree that we—or any new owners—must push business towards the post office network. During the last post office closures in 2007-08, I visited the sub-post offices in my constituency. The sub-postmaster of one of them freely told me that he renewed his TV licence and his road tax online. In addition, seven out of 10 pensioners and nine out of 10 new pensioners get their pension paid into the bank. We need new business for the post offices. That sub-postmaster was willing to bite the Government's hand off for the compensation he was getting because he just wanted out.

Mr Binley: I accept the hon. Gentleman's comment. The Post Office could have been much more imaginative in supporting sub-post-offices to increase their business. Over the past 10 or 12 years, the lack of that support has been one of the reasons why they are less viable as a business than they should be—even the good ones now are less viable. We must accept that steps have been taken recently and I welcome that. However, the general thrust of his intervention is absolutely right.

Let us consider the post office network. I have already made the point that 150 post offices are closed and will remain closed because there are not the buyers to buy them. Some 900 are up for sale, which supports that point totally. Let us not mess about with stupid phrases such as "temporarily closed." They are pretty much finished and that is the end of it. We need to be honest.

Damian Collins: Does my hon. Friend agree that the problem he describes affects not just post offices, but businesses in neighbourhoods and rural communities in general, and that some of the provisions in the

[Damian Collins]

Government's Localism Bill and in the White Paper, "Local Growth: Realising Every Place's Potential," might help to stimulate interest in communities and local government to support those businesses?

Mr Binley: I thank my hon. Friend for that intervention. He knows that I agree with that view—in fact, we have talked about it. We fought the 2005 election together. That was a very happy experience for me; I wish it had been slightly happier for him, but it is good to see him in the House now. As we fought that election together this was one of the issues we talked about at some length. I accept his point.

The very fact that more than 1,000 of our post offices are either closed or up for sale shows that there is concern about the viability of the network. It is not in doubt that we have some serious problems. I shall come to the impact that those closures might have on many of my colleagues in rural seats in two or three years' time. We went through a process of fighting to save post offices and I will describe how I experienced that process and how difficult it was to deal with as a Member of Parliament, even though I was an Opposition Member. It will be much more difficult for many of my colleagues to deal with the matter as members of the Government. The Minister may well take that point into account. However, the separation of Royal Mail will create massively greater pressures on the commercial viability of many of our post offices, unless we give them more time to adjust. That is the point of all this.

Margaret Curran (Glasgow East) (Lab): Will the hon. Gentleman draw parallels between his experience of representing rural areas and my experience of representing very deprived communities that are often isolated, where the post office is a vital lifeline? Perhaps we should support the new clause—although it is proposed by a Member from an opposing party—because the very best thing we can do is to preserve that historic link between Royal Mail and the post office network. We can at least offer people that crumb of comfort from the legislation.

Mr Binley: I share that sentiment—in fact, it is the thrust of my contribution. There is no doubt that urban and suburban post offices are as important to their communities as rural post offices. In the main, urban post offices have a bigger market to exploit if they are given the help to do so, but that is all the advantage they have. They are still in difficulty and they still face considerable danger. I totally accept the hon. Lady's point.

Damian Collins: My hon. Friend talked about good and bad management in the past. Does he agree that we should not let Post Office management off the hook and that they should continue to innovate in terms of how they deliver their services, particularly in relation to the roll-out of the post office local service? That service could integrate well into existing businesses, both in villages and urban areas.

Mr Binley: I thank my hon. Friend again for his intervention which is, of course, quite supportive of my words; I am grateful.

I accept the point made by the hon. Member for Glasgow East (Margaret Curran). The truth is that our local post offices are more than just local small businesses. They are that at their very heart, but they serve a wider purpose in many respects. They are vital to our local community networks, as she said, and they are crucial in urban, suburban or rural areas where they are the only point of contact for perhaps a mile or more.

There is a social networking element to my local post office—I pay tribute to it and I shall name it, as I hope it benefits from my doing so—in my village of Hackleton. I know the quality of service that post offices give. Elderly, vulnerable people go in them and seek help on a range of subjects that are way outside the remit of the post office. That help is given willingly as part of the service that post offices provide. The community networking element of our post offices has a value that we have not priced into this whole exercise, and that needs to be taken into account.

Caroline Lucas (Brighton, Pavilion) (Green): I very much want to support the focus on the community role of local post offices. We have focused on the economic role, which is massive, but the community role is so important. Figures provided by Age Concern show that more than 98% of older people say that their local post office is a lifeline. For some people, the issue is almost a matter of life and death, which is why this debate is so important.

Mr Binley: I thank the hon. Lady for supporting my point.

In addition to the community networking element, post offices have a social work element as well. I have hinted at that, particularly—as was just said—in relation to the elderly and young mums in our communities. Many of those young mothers, who are building families and creating the generations of tomorrow, have only one car. Many of the elderly do not have a car. If such people are not close to a post office, they are, frankly, even more socially deprived.

Fiona O'Donnell (East Lothian) (Lab): Does the hon. Gentleman agree that, during the bad weather that we had at the end of last year, the role of local post offices that have been combined with small shops was even more important in constituencies such as mine because people could not travel to large supermarkets?

Mr Binley: I am grateful to the hon. Lady for her comments. I think that these interventions are making an impression on the Minister. I am sure that he is well aware from his own experience of the social role that post offices play and that he will have taken that into account. I hope that when I sit down after having made a suggestion to him, he might be able to agree with me, throw me a little red meat, be kind and make all of us feel a bit better as a result of the debate.

I have talked about support for the elderly and young mums—the people without transport. The Government say that there is not a social element to their thinking, but there needs to be, as they will surely find out, as individual Members of Parliament. If people find out some six months or a year before the next general election that that has not been taken into account, those colleagues will be kicked pretty hard, I can assure them, because that happened to many of us in the previous round of closures.

2 pm

Many of our post offices are heavily dependent on Royal Mail. A third of our local post offices' revenue comes from the sale of Royal Mail products and services. When the split happens—I am not arguing against that per se at the moment—it will be possible to withdraw, change and alter pricing for those products and services, and that could impact detrimentally on post offices. The related income to our local post offices is £343 million—not to be sneezed at. More than 30% of the wages of the people who work in our local post offices is paid for via these services—that is, some £250 million. Withdraw that, and we withdraw a whole work force of many tens of thousands of people. There are also the 900 post offices that are mail work sub-post offices, which means that they provide the premises and facilities and supervise the mail delivery—a vital element of the role of our sub-post offices in terms of the larger business of communication and mail. That applies to more than 14% of our rural post offices. Unless there is a pre-arranged business relationship, any organisation coming in will see that as a real opportunity to save costs immediately.

Ian Murray: It is not inconceivable that a company such as Deutsche Post could buy Royal Mail. When such a transaction happens in Germany, the post office network is protected by law. As a result of the cost implications, Deutsche Post could run down our post office network to subsidise its post office network in Germany.

Mr Binley: I thank the hon. Gentleman for that supportive intervention. That gives us even more reason to ensure that there is a business agreement to tide the post offices over. We need to ensure—not to hope, guess or think—that they have the time, and therein lies the great value of the new clause. We must give them time: otherwise, we cut their legs off almost immediately. If we cut their legs off, many of my colleagues' legs will go with them. We need to consider this particular aspect very seriously, not because I want to save the future well-being of my colleagues, although I am delighted to do so, but because if their legs get cut off it means that my worst fears have come to fruition and my local communities will suffer immensely. That is where the real concern lies in all this and why it needs consideration and thought.

I fought the closure of two post offices in the previous round. I am delighted that I was successful in one case, although I must say that I was suspicious that the Government had already decided to allow some to be saved merely to give the impression that the consultation had value. Can we really believe that? Well, I did, all the way through—shame on me! I was able to save, in one way or another, one of those post offices, but one of them closed, in a community where the elderly were a sizeable, if not predominant, section of the population. That meant that to get to the nearest post office they either had to hire a taxi or walk a mile and a third uphill. Frankly, the older one gets, it is just as dangerous coming downhill as it is going uphill. A number of those elderly people were distraught, as were some of the young mums with two or three kids, because their husbands needed the car to go to work and they had no other form of transport. They found it immensely difficult—and dangerous too, as the elderly did, particularly in slippery weather such as that which we have just seen.

Those are the sorts of little things that do not impact massively on decision making in this place but impact massively on the lives of individuals in our communities. I therefore implore the Minister to give some thought to the value of post offices as social and local community institutions, and to recognise that many of them will need time to make the adjustment. To cut off the supply of income that Royal Mail provides will be a damaging and, in some cases, a closure-making blow. Does he agree that they are a community network of social value? I am sure he does. I hope he also accepts that I want to see the success of this coalition and to see it returned as the next Government. Unless he takes action, however, he might be cutting off the legs of many of his colleagues—and indeed, for all I know, even his own legs.

I ask the Minister to think about this seriously. Perhaps, as my hon. Friend the Member for Colchester suggested, he would prefer a different time line and might be willing to consider three, four or five years. If so, I beg him to do so. The Minister may need that option to provide more help in his negotiations with potential buyers to ensure that the pill is sweetened a little in recognition of the cost implications. That sort of thinking would be massively valuable to our communities up and down the land. I would argue equally that in the real world of politics it could be massively helpful to many of my colleagues, and the Minister's, who will be fighting for their political lives at the next general election. That is not the reason for doing it—the reason is to help the community—but I will use any arguments I can to encourage him to think about extending the agreement between Royal Mail and the Post Office, as the new clause suggests. I implore him to do so, for our communities and for our colleagues, but most of all for the well-being of our country.

Ian Murray: I support the new clause. I must say at the outset that I do not share a flat with the hon. Member for Colchester (Bob Russell), but it sounds like a fun flat to be in, none the less.

I hope that the Minister is listening to what hon. Members are saying. Prior to any sale or transfer of a post office company, an agreement should be secured between the new owners of Royal Mail and the Post Office for a period of 10 years—that is the suggestion, but it could be any number of years—in order to gain that transfer. Under the Bill, a privatised Royal Mail could break the historic link with the post office network and use another outlet such as Tesco, as the hon. Member for Northampton South (Mr Binley) mentioned. That might force customers to go much further to post offices to register parcels or to use the other services that people enjoy.

The Government have shown ambivalence towards post offices in this process. Everyone has talked of the importance of maintaining the link and the inter-business agreement between Royal Mail and the Post Office in some fashion, to ensure that the post office network is maintained. Although new clause 2 is not perfect, it would oblige a privatised Royal Mail to maintain the inter-business agreement with Post Office Ltd. The Government refused to listen to similar calls from the Opposition in Committee. Indeed, the Opposition spokesmen made those points clearly throughout the 20 sittings. Unless the Government make a strategic

[Ian Murray]

decision to put business through the post office network, the future of the network as we know it will be in significant danger.

As we have heard throughout the debate, the post office network has a declining share of the market because of the model in which it operates. The Government have an obligation to donate as many services as it is in their gift to donate to the post office network.

Fiona O'Donnell: Given how many post offices are running at a loss and how many are on the market, does my hon. Friend agree that it is important to the future of post offices that they have a period of at least 10 years to plan and recover?

Ian Murray: I am grateful to my hon. Friend for that point. The hon. Member for Northampton South was clear about the size of the revenues that go through the post office network, and therefore the survival of many post offices in rural and deprived areas would be in jeopardy. The figure has been mentioned of 900 post offices being temporarily or long-term out of business. It is clear from such figures that the business model for the post office network is unviable at the moment, let alone after taking an additional £343 million out of it.

Tory and Lib Dem MPs were happy to use the Post Office for their own political ends when it suited them in opposition. The post office network was a political hot potato for many years in my constituency of Edinburgh South. It seems shameful that the Liberal Democrat party, which has made a living out of saving post offices—or pretending to save post offices—now sits in judgment on Royal Mail and threatens many thousands of post offices, if not the entire network.

That the Government are not prepared to put a straightforward clause into the Bill to guarantee the future of post offices calls into question the logic of allocating more than £1.3 billion of taxpayers' money to subsidise and refurbish them. There are still no bankable contracts for additional Government work for post offices, in spite of the warm words, and the requests of the National Federation of SubPostmasters. It is not clear that the Post Office will even win the renewal contract from the Department for Work and Pensions following the benefit changes.

The Government's failure to take forward Labour's plans for a people's bank at the Post Office is yet another Lib Dem manifesto pledge broken. They are turning their backs on the very people out of whom they made political capital for many years.

Mr Denis MacShane (Rotherham) (Lab): That is a fundamental point. In France, Germany, which has been cited, and Switzerland, such banks are viable banks. They are more than just a service for poorer elements of the community, as the hon. Member for Northampton South (Mr Binley) said; they are successful enterprises. I am astonished that the Liberal Democrats, of all parties, do not insist that the bank should be part of the new model.

Ian Murray: I decided a long time ago that I would stop being astonished by the Liberal Democrats, and just take it for granted that the things that they say in this Chamber will be astonishing.

Bob Russell: The right hon. Member for Rotherham (Mr MacShane) was a former Minister and had 13 years in which he could have promoted the people's bank proposals. It is up to Parliament to suggest clauses. The hon. Member for Edinburgh South (Ian Murray) could have tabled a new clause on a people's bank for this legislation. Surely the right time to establish the people's bank in legislation was when his Government bailed out the banks with billions of pounds of public money, when it could have been imposed on the network of post offices that was left after the huge closure programme?

Ian Murray: I am delighted by the hon. Gentleman's intervention, but I repeat the point that I made in my intervention on him: he has criticised previous Governments going back 20 or 30 years for running down Royal Mail and the post office network, but it will be his Government who put the final nail in the coffin.

2.15 pm

Malcolm Bruce (Gordon) (LD): One problem for the people's bank, and for using post offices as a branch network for joint-stock banks, was that the Royal Bank of Scotland and the Bank of Scotland refused consistently over the past few years to comply. However, they have now done so and the post office can be used to access cash from pretty much every mainstream bank account. That is a real help to the post office network.

Ian Murray: We must leave no stone unturned in looking to provide services through the post office network, so that it can survive this process. The black hole in finance that will appear if the inter-business agreement is removed will make most post offices in this country unviable. We should look at every conceivable option to get as much revenue as possible into the post office network, because, as everyone in this Chamber knows, people love and enjoy the services that it provides.

Tom Blenkinsop: On the point made by the right hon. Member for Gordon (Malcolm Bruce), given that banks are closing branches left, right and centre, it suits the banks in the current commercial circumstances to use the post office as an access point.

Ian Murray: Absolutely. My hon. Friend makes his point clearly.

David Mowat: Will the hon. Gentleman give way?

Ian Murray: I will just make a little progress, because many hon. Members want to speak.

The Bill does not safeguard the inter-business agreement through which Royal Mail guarantees the use of the Post Office as its retail arm. When the agreement is renegotiated, a privatised Royal Mail will try to reduce costs by using other outlets such as supermarkets and high street chains instead of the post office network.

In my intervention on the hon. Member for Northampton South, I used the example of Germany, which has privatised, or certainly reformed, its national mail services through Deutsche Post. It has written protection of its post office network and services into legislation. We are giving no such protection. Deutsche Post could happily buy Royal Mail and decimate the unprotected UK post office network to subsidise its network at home, which is guaranteed by legislation.

Mr Davey: I am grateful to the hon. Gentleman for mentioning Deutsche Post and its legal protections. He and hon. Members who served on the Postal Services Public Bill Committee will be aware that the protection given to post offices in rural areas of Germany is that there must be a post office every 80 sq km. Is that what he proposes for this country?

Ian Murray: We are proposing protection for the post office network in any fashion, which the Minister point blank refuses to give, even though his Back Benchers are asking him to consider it through the new clause.

In Committee, the Minister said:

"No previous Government have thought to put it on any different footing."

However, no other Government have needed to intervene on the inter-business agreement because no other Government have separated the post office network from Royal Mail, which is what will happen under this full-scale privatisation. He has tried to reassure stakeholders by arguing that both Royal Mail and the Post Office want an extended inter-business agreement. As has been said, the stated aims of the management of Royal Mail and the Post Office are to keep the relationship, but to be frank, management changes rather quickly and regularly. We need more reassurance in the Bill, rather than words from the management of Royal Mail and the Post Office. The Minister went on to argue in his evidence to the Committee:

"If you actually wrote that there should be a contract between two companies that are going to be separate companies into law, I think that it would be subject to serious legal challenge." —[*Official Report, Postal Services Public Bill Committee*, 11 November 2010; c. 121-123, Q244-245.]

He therefore admitted that there will be no inter-business agreement going forward and that the post office network is essentially being hung out to dry by this legislation, along with the Royal Mail and tens of thousands of workers.

Lorely Burt (Solihull) (LD): My understanding, on which I stand to be corrected, is that the problem is not that the two companies want to have an inter-business agreement—they are free to do that—but that EU rules prohibit Governments from intervening to ensure that an inter-business agreement is prescribed for a specific period. I believe that that is the problem with the new clause.

Ian Murray: But as we have already discussed, Germany seems to have found a loophole in that legislation, so I do not see why we should not be able to find a way forward for an inter-business agreement in this country. It would be up to the Minister and the Government to find a way around that problem and ensure that the post office network was maintained for the future.

Mr Ian Davidson (Glasgow South West) (Lab/Co-op): Is this possibly the first time on the record that a Liberal Democrat has blamed the European Union for anything?

Ian Murray: As I said in response to my right hon. Friend the Member for Rotherham (Mr MacShane), nothing astonishes me about the Liberal Democrats these days. Indeed, blaming the European Union is one of their latest wheezes as they break their pledges and proposals and change their philosophy.

The National Federation of SubPostmasters believes that a minimum 10-year inter-business agreement is essential, and it knows about the matter having worked with its members, postmasters and postmistresses across the country. That organisation, which is at the coal face, says that such an inter-business agreement would protect its members, and I think it is telling the truth in this particular matter and giving us the evidence that we need that agreement.

Today we are seeing a disgraceful privatisation of one of the country's, and the world's, treasures. The Royal Mail is not safe in the hands of this shameful Government, and the Bill in its current form will decimate the post office network in this country.

Lorely Burt: I have a great deal of sympathy with my hon. Friend the Member for Colchester (Bob Russell) and with everyone else in the House who wishes to protect the relationship between the Royal Mail and the Post Office. We all want that relationship to continue, but I have severe reservations about whether we can enforce that through Government legislation.

If we examine the situation between the two companies, we will see that they rely on one another. There will continue to be a long-term contract in place between them because there will remain an overwhelming commercial imperative for the two businesses to work together as they do now. The chief executive of Royal Mail, Moya Greene, has said that it is "unthinkable" that there will not always be a very strong relationship between the Post Office and Royal Mail. However, legislation is not the appropriate way for the commercially sensitive terms of a relationship between two independent businesses to be settled.

Mark Durkan (Foyle) (SDLP): The hon. Lady says that legislation is not the appropriate way to make provisions about commercial relationships, but surely it is the appropriate way to make provisions to guarantee public services and public service standards.

Lorely Burt: I hope that the hon. Gentleman would agree that there is a guarantee of public services built into the Bill.

The Government are not party to the current arrangements between the two businesses, and they will not be in future. There is no statutory precedent for requiring particular commercial terms between two independent businesses. What the Government can do, however, is help to create the conditions in which both businesses can flourish in partnership with one another. We have heard this afternoon about the £1.3 billion funding package that is being provided to post offices, which will help the Post Office to deliver the best possible service to its new business partner.

The hon. Member for Glasgow South West (Mr Davidson) mentioned the EU, and I will surprise him again by saying that we in this House are to blame for the EU legislation that has come forward. We have gold-plated the EU directive and created an uncompetitive situation by giving private companies compulsory access to Royal Mail and guaranteeing a margin for competitors. My hon. Friend the Member for Colchester mentioned the loss that is made on each competitor's letter: 2.5p is lost with the delivery of a competitor's letter.

Malcolm Bruce: Most of us have visited post offices in recent weeks. Does my hon. Friend agree that the Royal Mail is delivering a huge amount of mail on behalf of other carriers, and that if it did not provide that service, those carriers could not provide their customer guarantees? It is imperative that they pay a fair price for that service, and the Bill may create the space in which that can happen.

Lorely Burt: My right hon. Friend is absolutely right. It is shameful that Royal Mail's demise has been caused partly by the fact that we have gold-plated the rules that have come down from the EU.

Tom Blenkinsop: I think we are getting slightly confused about the matter. There is cherry-picking within Royal Mail, with which I personally do not agree, and the report that members of the Bill Committee considered before our sittings recommended that the practice should be got rid of. However, that should not be a defence for what the Government are doing, which will undermine internal business arrangements. They have created a smokescreen of European legislation for what they are doing, but in fact the Government make 10-year agreements with rail companies, for example.

Lorely Burt: I am struggling to answer the hon. Gentleman's point, because it is a bit technical. I am looking over towards my hon. Friend the Minister, and I am sure that he will make a better fist of giving an answer.

Mr Russell Brown: I hear what the hon. Lady is saying about the UK gold-plating EU legislation, but when the liberalisation first started, and in fact beforehand, a number of Labour Members—we were then in government—spoke to Ministers and met the regulator. The liberalisation that the regulator was committed to carrying out in a five-year period was driven through far too quickly, and it actually happened in 18 months. There was great concern, but the problem was that if we had been seen to be interfering with the job of the regulator, we would have been severely criticised.

Lorely Burt: I take the hon. Gentleman's point, and I have a great deal of sympathy with it. It is a great shame that that happened, but now we have to pave the way for a change in how the rules operate, and the Bill will empower Ofcom to examine how the regulations in question apply.

As far as I understand it—I am sure the Minister will comment on this—current EU rules do not allow specific periods to be imposed on inter-business agreements. Donald Brydon pledged in his evidence to the Public Bill Committee that before any privatisation of Royal Mail, a continued long-term commercial contract would be in place between the two businesses for the longest duration that was legally possible. I do not know whether 10 years is the right period, but that decision has to be made between the two organisations. I know that there is a great will in Royal Mail to ensure that there is an inter-business agreement between the two parties that guarantees a safe, secure and productive future together.

Mr Weir: Let me remark in passing that I have spent many years standing in this spot defending post offices. It is somewhat disconcerting to find after the general election that, with a few honourable exceptions, everybody else has changed sides, while I am still standing in the same place, making the same point. However, it is good to see the hon. Member for Colchester (Bob Russell) come at least partly back into the light. We shall be supporting his new clause 2 this evening if he pushes it to a vote, which I hope he will.

2.30 pm

The reason for that is that the new clause addresses one of the major issues with the Bill. There are serious concerns in all our constituencies about splitting the Royal Mail delivery system from Post Office Ltd, and about what future awaits our local post offices in the brave new world. Indeed, the National Federation of SubPostmasters made the point that nowhere else in the world have the post office and mail delivery service been split.

There are many issues that give me great concern, but the overall problem seems to be that far too much about the post office network's future depends on the Government crossing their fingers and leaving things to the good will that exists between the management of Royal Mail and Post Office Ltd. That is far too tenuous a way of guaranteeing the future of our local post offices. We need to be much more proactive. As we have heard from other Members, so much of the business that comes through our local post offices depends on Royal Mail and is governed by the inter-business agreement.

Our position is that which was also articulated by the hon. Member for Linlithgow and East Falkirk (Michael Connarty). We are totally opposed to the privatisation of Royal Mail, and we intend to continue to oppose it. However, if that tragedy comes to pass, we will want as much as possible done to protect our post offices. Throughout our debates in Committee the Minister assured us that he was exploring the greater delivery of Government and local government services through our post offices, which would help them to diversify. That was also touched on by Paula Vennells of Post Office Ltd during our evidence sessions. I would welcome that development, and I genuinely wish the Minister good luck in doing that work.

Mr Alan Reid (Argyll and Bute) (LD): I agree that much more Government and local government work has to go to the Post Office, but can the hon. Gentleman tell us what his Government in Scotland are doing to give more Scottish Government work to the Post Office?

Mr Weir: The Government in Scotland will have discussions with the Post Office, in the same way as the Government here, but that will depend on what happens. I was making the point that, although I welcome the development that I have described—I could equally well ask the hon. Gentleman what his colleagues in local government are doing about it—I have concerns about what will be produced, albeit not because I distrust the Government's intentions. The Minister held a meeting before the Bill came forward and he explained what he was trying to do. I support that, but there are practical difficulties.

I made the point that, in my area of Angus, the local authority has established local access offices in most boroughs to offer a front-office service for all local authority services. In Arbroath, Brechin, Kirriemuir, Forfar and Montrose, those offices are all situated around 100 yards at most from a post office. In the case

of Kirriemuir, Forfar and Montrose, those are the only post offices in the borough. However, there are two difficulties with that. It is difficult to see how the local authority will have a greater ability to deliver services through the post offices in those borough areas, especially where there is only one post office. Also, because of what happened in the last round of closures—when many of our stand-alone larger post offices were closed, being moved into sweet shops, paper shops and other premises, as the hon. Member for Linlithgow and East Falkirk said—those post offices do not have the space to deliver greater services and nor, in many cases, do they have the expertise.

In my constituency, there are already problems with some of those post offices because of lengthening queues and an inability to deliver the services already provided by the Post Office. It is difficult to see how those post offices will cope with an influx of other services from the UK Government, the Scottish Government, local authorities or anybody else. That is a practical difficulty, and I have not heard anyone in the Government come up with a solution to it. What is proposed may be a possibility in rural areas, but in their programme for post offices, the Government are talking about 4,000 main post offices that will provide a full range of services—incidentally, that is the number of post offices that are currently viable, which is slightly worrying. However, on top of that is what the Government call the post office local model. The idea of the local model is to put post offices into smaller businesses to deliver—the Government say—longer office hours and greater help for local people.

That is fine in theory, but the post office local model does not provide the full range of post office services. I suggest that the bulk of our post offices will be unable to provide the full range of services in smaller communities if the Government, local government, Scottish Government and whoever else get their act together and produce such services in the first instance. That practical difficulty needs to be tackled before things can proceed. That is another reason why a long-term inter-business agreement is a good idea. We have to look at not only the business, but the structure of the post office network, so that it can deliver the new business that is being promised to it.

However, the most important point is what the relationship will be between a privatised Royal Mail and a Government-owned Post Office Ltd, where the Government are determined to push down the costs to the taxpayer of continuing to support Post Office Ltd. As the hon. Member for Colchester rightly said, Royal Mail will inevitably try to push down its costs in delivering a mail service. When asked about that in the evidence session, Paula Vennells of Post Office Ltd said:

"In terms of what is in the Bill, what is important for Post Office is that we maintain our strong relationship with the Royal Mail Group." —[*Official Report, Postal Services Public Bill Committee*, 9 November 2010; c. 5, Q6.]

That is fine and well, but we all know that at present Post Office Ltd gets fully one third of its business through the inter-business agreement. The Minister will, I am sure, point to the statement made during the evidence session by Royal Mail, Moya Greene, the chief executive, said:

"For me it is unthinkable that we would not have a very long-term relationship with the Post Office." —[*Official Report, Postal Services Public Bill Committee*, 9 November 2010; c. 18, Q42.]

Again, that is all very well, but I would suggest that the relationship between a fully privatised Royal Mail and a Government-owned or mutual Post Office Ltd would be very different from that between two companies that are both members of Royal Mail Group, as they are at present. In passing, one might also wonder how long the present management will remain in place, given what has happened with management previously.

Fiona O'Donnell: The hon. Gentleman has referred several times to the report of the Public Bill Committee, but I wonder whether he has also seen the excellent report from the Select Committee on Scottish Affairs, in which the Minister is recorded as saying:

"That makes it very clear that there are very limited circumstances in which there could be more than one universal service provider."

However, if the Government are really committed to the relationship, why leave any gaps in the Bill at all?

Mr Weir: The hon. Lady makes a good point. I have read that report, which I found to be an excellent report, hitting on the main points as they affect Scotland.

I was talking about the management at Royal Mail. Ms Greene may have a considerable attachment to Post Office Ltd, but will a new owner of the business necessarily feel the same way? What happens when the commercial profit motive really kicks in? How much will sentimentality govern the actions of Royal Mail? That is especially important given that, as has been said on many occasions in previous debates, including in Committee, the ultimate owner of Royal Mail may turn out to be Deutsche Post or TNT, which I would suggest perhaps do not have the same sentimental attachment that we all have to our Royal Mail. As I understand it, the rationale behind the privatisation is to make the new company look for efficiency savings and cut costs. I agree with the hon. Member for Colchester that it is utterly inconceivable that the new company will not look at how it can do so in its relationship with Post Office Ltd, which will not be exempt from scrutiny under the new arrangement.

In her evidence, Ms Greene said:

"I do not see other retailers as a particularly serious threat, because Post Office has an enormous amount of expertise in this area". —[*Official Report, Postal Services Public Bill Committee*, 9 November 2010; c. 17, Q42.]

The hon. Member for Edinburgh South (Ian Murray) mentioned the situation in Germany, but as the National Federation of SubPostmasters has said, there is no precedent anywhere in the world for splitting the delivery service from the post office. I asked the Minister on Second Reading whether he could come up with one, but none has been forthcoming since.

I spoke at length in Committee about the situation that has developed in New Zealand. I will not go into that again at great length today—interested Members can read the report of the Committee's proceedings, where it is explained at some length. Suffice it to say that a competitor has set up what amounts to an alternative post office network targeted purely at what it needs to sustain its postal delivery business. That is another point. When Royal Mail is split from the Post Office, it will be in a very different position. Royal Mail will be looking at what it needs to be able to deliver a postal business—not a Government business, a pro-Government business or all the other things that the Post Office might do.

[Mr Weir]

In her evidence to the Committee, the chief executive of Royal Mail said that it would be "inconceivable" that anyone but Post Office Ltd would be used by the Royal Mail. The Minister, if I recall correctly, was very dismissive of the idea that an operator might want to go to, say, a major supermarket and use it for delivery of post office services. Then again, it was not so long ago that it was inconceivable that a supermarket would offer a mobile phone network, for example, be an internet service provider or perhaps offer legal services, which might happen shortly. Who would have bought a television or a hoover from a supermarket 15 years ago? Times change and that applies to the Post Office as well.

In New Zealand, as I say, that has already begun to happen. That does not mean that a provider in the UK would necessarily do the same, but it is certainly a possibility. It might look into it and that provides a danger sign for post offices in the UK. New Zealand Post, of course, fought back—one of its principal weapons being Kiwibank—but this Government have rejected the option of creating a post bank in the UK with which to anchor Post Office Ltd.

No two postal markets are the same and the UK Royal Mail and Post Office Ltd might be able to hold together and provide a seamless and mutually profitable business, but there are lessons from what has happened elsewhere and we simply cannot idly let the future of the post offices in our constituencies rest on the good amicable feelings that currently operate between the two companies, which might not survive the privatisation.

Damian Collins: Does the hon. Gentleman not accept that, as discussed in Committee, the Post Office remains the owner of the Post Office brand and the business with the largest retail footprint in the country, which gives it considerable power in negotiating with Royal Mail?

Mr Weir: I do not agree with that, as I think Post Office Ltd will be very much the junior partner in the negotiation. I would ask whether Royal Mail rather than the Post Office is the brand for letter delivery, and Royal Mail will focus on how it delivers its mail business through the Royal Mail brand. In an earlier intervention, the hon. Gentleman made the point that an alternative provider could go to Post Office Ltd, but I ask him to consider whether that is realistic, given that only Royal Mail as the statutory provider of the universal service obligation will be required to have a nationwide delivery service. Other companies do not go in for that, and most of the present business for alternative providers relates to bulk mail delivery, not individual delivery. That requires a different business model from the one currently operated by Royal Mail.

Tom Blenkinsop: Another point is that there seems to be a massive assumption that these independently-owned post offices will suddenly opt into this mutualised model. A significant number of independent post offices will not want to do that; they enjoy the profits and the livelihoods they earn from their businesses.

Mr Weir: The hon. Gentleman makes a reasonable point. The problem is that it is not at all clear what mutuality means. If I understood the Minister correctly in Committee, what is being mutualised is not the post office network, but Post Office Ltd—the management of the Post Office—so the individual post offices would not be in a mutual network, but continue as individual businesses. I struggle to see how that is going to improve the situation.

Lindsay Roy (Glenrothes) (Lab): Is the hon. Gentleman aware that Post Office Ltd is the junior partner in relation to some retail outlets, where it has an upstairs or downstairs location? It has to go through the footprint of the retail store, so it is not able to provide adequate facilities or the same kind of facilities that it did before as the Crown Post Office.

Mr Weir: I made that point with respect to my own constituency earlier and the hon. Gentleman is quite right.

2.45 pm

Once Royal Mail is sold to a private operator, that operator will be focused solely on the needs of its enterprise to deliver postal services, not on the various other activities carried out by the Post Office. As I mentioned earlier, we already know that only 4,000 of the current post offices are profitable and that only around 7,500 are required to meet the current terms of the universal service obligation. Is it such a leap of imagination to think that a new owner of Royal Mail might consider whether its needs could be met with a deal with, say, supermarkets, which are increasingly opening for longer hours? I think not—especially now that Tesco Express or Metro are opening everywhere, and although they do not have the 24-hour opening of their hypermarkets, they are still open from 7 am to 10 pm. Even if that did not happen, there would still be two companies of vastly differing sizes and economic muscle negotiating an agreement. It is difficult to see Post Office Ltd not coming out very badly from that.

Gordon Banks (Ochil and South Perthshire) (Lab): On the hon. Gentleman's point about doing a deal with a supermarket, does he agree that there is absolutely nothing to prevent Royal Mail from doing a deal with other supermarket chains?

Mr Weir: The hon. Gentleman makes a perfectly good point. It does not have to be with Tesco. It could be with Sainsbury or Asda for all we know, and it could cover the whole country.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): On the point about supermarkets, one key issue coming out of the Scottish Affairs Committee's report was that the post office network is, in fact, a far better network than any supermarket chain in the UK as a whole. There are huge swathes of Scotland that have no supermarket and no supermarket chain, so this would not be a workable solution for large parts of the landmass.

Mr Weir: My hon. Friend makes a very good point. Of the 12,000 current post offices, only 7,500 are needed to meet the universal service obligation. The Minister laughed at the hon. Member for Edinburgh South, I believe, for mentioning the German model and 80 sq km, but one wonders what exactly might happen in large swathes of rural Scotland if this were to come about.

I have spoken longer than I intended, but I end by saying that, while we maintain our position of opposition to the privatisation of the Royal Mail, a 10-year inter-business agreement would give Post Office Ltd the necessary guarantee and stability for a lengthy period after the privatisation. I hope that it would allow the stabilisation of Post Office Ltd, allow a reasonable period to get new Government business, if possible, into post offices, provide some hope for the temporarily closed post offices or others up for sale, and some comfort to those thinking of entering the post office market. That would at least provide them with some confidence that there is a future. Otherwise, they would not go into that market. I urge all Members to support the new clause, which I hope the hon. Member for Colchester will press to the vote in order to show the House's strength of feeling on the issue.

Mr Anderson: I welcome the debate. Like the hon. Member for Colchester (Bob Russell), I do not want to see the privatisation of the Post Office at all, but if it happens the new clause will ameliorate its effects. Does anyone really believe that the Post Office, going out into the world of competition, would be able to survive against some of the competitors it would be up against? The case for going outside has not been made, but if it does go outside, the Post Office should be protected. I am not quite sure where the Liberal Democrats are coming from—there is nothing unusual in that—but they seem to think that European Union law stops us passing this new clause. We have had no evidence to demonstrate that, and I do not believe that any evidence was shown in Committee either.

I hope that the Minister will explain exactly what rule in European legislation prevents an inter-business agreement. Everybody else who appeared before the Committee seemed to think it was a good idea. George Thomson of the National Federation of SubPostmasters said:

"On separating Post Office Ltd from Royal Mail, it is unprecedented and we have to get it right, which is why we need a 10-year inter-business agreement... We need security for sub-postmasters; they have £2 billion of their own money invested in this business. If you were a company investing £2 billion in a PFI...you would get a 21-year contract. I am not asking for a 21-year contract, but...for a 10-year IBA contract."—[*Official Report, Postal Services Public Bill Committee*, 9 November 2010; c. 29, Q70.]

He was not alone. Paula Vennells, managing director of Post Office Ltd, who ought to know as she was part of the new management, said that

"we have a very strong commercial relationship with Royal Mail and that is something that both businesses would want to continue, so as we transform the post office network we will make it into something that Royal Mail will want to use."

Moya Greene, the chief executive of Royal Mail, concurred, stating that it was

"unthinkable that we would not have a very long-term relationship with the Post Office."—[*Official Report, Postal Services Public Bill Committee*, 9 November 2010; c. 17-18, Q42.]

Even Richard Hooper, who brought forward the original report, said in the updated report that he believed that the

"importance of the inter-business agreement should not be underestimated".—[*Official Report, Postal Services Public Bill Committee*, 11 November 2010; c. 114, Q228.]

It is a shame that those three people did not say that they wanted the IBA to continue in the way the amendment suggests. If we do not have that in black and white, we shall experience a rerun of what we witnessed in the Chamber between 12 and 12.30 pm today, when the Prime Minister repeatedly replied to questions by saying, "We hope that this can happen", "We wish this to happen", or "We are looking into ways of making this happen."

If privatisation takes place in the way that is being proposed, when the contract goes outside people will eat it up. I spent 30 years in the trade union movement trying to unravel agreements and contracts or renegotiate agreements with organisations. I would say, "That must be there in black and white. If it is not in it, you cannot win it." If we do not provide protection for Royal Mail and the Post Office that works in the way in which the IBA has worked so far, the service will clearly not be saved.

I appreciate that members of the Government are naïve amateurs who are doing their best to make things work, but that is not good enough. We need to ensure that services are supported. We are told that European Union rules are preventing that, and I hope that the Minister, who has now returned to the Chamber, will be able to explain exactly how they are doing so. When Corus was threatened with closure on Teesside, my hon. Friend the Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) and I were constantly told that EU rules prevented Government intervention. We were told that the Germans and the Dutch used those rules, and that the British must play by the rules. We were losing out. Unless we have real, clear evidence that this cannot be done under law, the Government's case will not hold water.

David Mowat: The hon. Gentleman has talked of the way in which the IBA works, which seems to have resulted in three quarters of the network becoming unsustainable or unviable. How does he think that extending the IBA in its current form will improve the position?

Mr Anderson: The hon. Gentleman is clearly under the misapprehension that public service is about nothing more than making money. We must accept that the public sometimes have to pay for the delivery of a public service in a way that does not satisfy accountants. We have a health service that costs £100 billion. No one says that it is in deficit. We have a defence system that effectively requires us to pay out all the money: we are not given any proper help. The postal service is also a quality public service that we should be proud of. The Labour Government invested a large amount of public money in it, but the truth is that we did not succeed. We were maintaining post offices that we had to accept were effectively a drain on public resources. The question that we must ask, and the question that people in the country will ask, is whether this is money well spent, and I would argue that it is.

David Mowat: I entirely agree that the sustainability of the post office network is a valuable public service, which is why I am delighted that the Bill will provide £1.3 billion to sustain it over the next four years—an average of £40,000 per post office per year. What I want

[David Mowat]

to understand is how the continuation of an IBA that has apparently caused three quarters of the current network to lose money will help.

Mr Anderson: I think that that question should be put to Ministers. Nothing else will change: the need is still there, and the service must still be provided. In the last Parliament we invested £3.9 billion in the network, but that was clearly not sufficient. As was pointed out by the hon. Member for Angus (Mr Weir), we must accept that we are living in a different world now. People are obtaining their television and driving licences on line and using e-mail, but that does not mean that we as a nation should not be prepared to say that the post office network is so important that it should be subsidised by the public purse.

Mr Russell Brown: The hon. Member for Warrington South (David Mowat) has mentioned that £1.3 billion twice, but the fact is that money alone is not the answer to the problem affecting our post office network. It also needs the business that comes through the door and is transacted over the counter.

I assure the hon. Member for Warrington South that if there were an easy answer to all this, a Labour Government would have found it. There is no easy answer, which is why the IBA is such an important element. It will deliver more than 30% of the business that is transacted. As I said earlier—and I apologise for repeating myself—if that goes, post offices will wither on the vine.

Mr Anderson: We may compare the IBA to a sticking plaster covering a wound, but if it continues following privatisation, it will provide that little bit of additional protection that would not be there otherwise. Otherwise, post offices will be left wide open to businesses that simply want to make money. Why else would they want to take on post offices? Who wants this not to happen? The people who want it not to happen are those who want to buy postal services, who want to compete, and who want to make more and more money.

If we had been sitting here 25 years ago, we would have been debating the privatisation of the utilities. We would have heard all the arguments that we have heard today about how dynamic privatisation is, and about the efficiencies that it produces. E.ON is raising prices by 9% at a time when people are facing pay freezes. That is the truth about privatisation, and that is what will happen in the case of this privatisation.

Richard Fuller: I should like some clarification. We are using the phrase "inter-business agreement", but the hon. Gentleman seems to be describing it as a 10-year continuing subsidy mechanism. Is he saying that he wants an inter-business agreement to be the transport mechanism for a continuing taxpayer subsidy, regardless of whether Royal Mail is privatised?

Mr Anderson: I want the IBA to give sub-postmasters the security that they have asked for. They say that it will give them faith in their ability to continue in their business. After all, it is their money. As I said earlier, they will lose £2 billion if the Bill does not work. They would much rather remain in a system enabling post offices to remain in operation and to receive support from the public purse. If we had adopted that attitude, we would not be having this debate.

Richard Fuller: I thank the hon. Gentleman for giving way to me again. There is an issue here that specifically concerns subsidy, and we should call it subsidy rather than an inter-business agreement.

The hon. Gentleman has cited the comments of Royal Mail executives as well as those of members of the National Federation of SubPostmasters. They did not ask for a 10-year IBA. Was that because the changes proposed in the Bill will enable managers to manage the operations of the business? Is not one of the problems that we have experienced in the past the fact that Government have shackled management and prevented it from managing effectively? That is the reason for the programme of closures and the inability to modernise effectively.

Mr Anderson: That is true, but the managers have not made the best of the deal that they have been given. They have received plenty of public money, but they have not succeeded. There are a number of reasons for that, but in recent months we have seen a break from it. We have seen new management; we have also seen the trade unions presenting a modernisation plan that can and will work. Those developments are being stopped in their tracks by the attitude of the Government, who want privatisation at all costs.

Richard Graham (Gloucester) (Con): Does the hon. Gentleman agree that the other side of the equation, which focuses on the agreement between Royal Mail and the post offices, is the amount of business that post offices can do by other means? That revolves first around their ability to distribute financial services—access to banking and credit union arrangements—and secondly around their role as "front of office" providers of a series of services for customers coming from other Departments. I hope that the Minister will tell us more about that.

Mr Anderson: I could not agree more. As was pointed out by the hon. Member for Colchester, the post office network is unique. Over the past few years, however, we have let the country down by allowing it to be weakened. I must admit that I have argued against that in the House: I have argued against my own Government. The network is being offered a huge opportunity, but the security of being in the public sector will make it even more possible for it to succeed. If it is allowed to leave that sector and to face unbridled competition, it will fall apart.

Lindsay Roy: Does my hon. Friend agree that subsidy is often viewed in a negative context, and that profit is gauged not in social terms but solely in a financial context? In fact, it is about dividends for communities. That kind of social investment is vital to our nation.

Mr Anderson: I could not agree more with my hon. Friend. It is strange to hear Liberal Democrats who, justifiably, used to make that case say that it no longer holds water. The Minister mentioned the cost of the United States social service, but the United States Government obviously decided that the cost of providing

a service that they believed to be second to none was money well spent. Perhaps we should take a lesson from them. There are not many lessons that I want to take from the Americans, but that may be one worth considering.

The truth is that we have been here before. There has been compulsory competitive tendering. There has been the privatisation of cleaning services, when we were told, "You're not allowed to build into contracts clauses that prevent some people from bidding for them." However, there were discussions between employers and trade unions after both sides found that the cowboy contractors were undercutting the service and not delivering what they were supposed to, and we ended up with an agreement between contractors and the trade union side that there would be a baseline that nobody would be allowed to go below.

We could have a similar agreement. We want protection for people, so they know where they are going and they have the strength of knowing that they have the security of this agreement behind them to make sure that things are right. Otherwise, the only people who will benefit will be those who want to take over the post offices: the international companies who want to come here and make money out of public services. It is a disgrace that the Liberal Democrats have given cover to the Tories to push this through.

3 pm

John Thurso: First, I apologise to the House for having been absent for two of the contributions to this debate. I had an urgent meeting with a constituent who had come rather a long way, from the far north, to be here.

I want to speak in support of my hon. Friend the Member for Colchester (Bob Russell) – notwithstanding the fact that I am not his flatmate, which might not be the best way to support him judging by what we heard earlier. I will confine my remarks to why I believe it is absolutely crucial that there should be an agreement. However, I should briefly preface those comments by reminding the House that in the previous Parliament I was my party's Business, Innovation and Skills spokesman. For a considerable time, discussions on the then Government's privatisation of the Royal Mail were in hand and I had discussions with representatives of the post offices and the unions and the Royal Mail.

One view I came to is slightly different from an opinion that has been expressed by many Members today. I felt that the post offices had been the poor relation inside the Royal Mail Group, and that the fact that they did not have their own board or their own chairman meant that very often got the second-best outcome. I therefore put in my party's proposals that whatever happened – whether the Royal Mail was privatised, left as a mutual or left as public – the post office group had to be a separate entity with its own chair and board, so that it could argue its case effectively and have a real future.

I always saw a strong future for post offices. Many of the reasons for that have been alluded to today: the opportunity for new financial products; the possibility of a post bank, which I remain convinced is a particularly good way of taking post offices forward; and the ability to develop post offices in a range of areas, and especially for them to be in many instances the first line of contact between the citizen and the state. A numerate, literate, intelligent and articulate person – which is what our postmasters and postmistresses are – can help people at the very start of the process of making a claim and so forth, and can help people avoid many of the problems that are encountered when they can talk only to a call centre.

I always saw a strong possibility of post offices developing, but I felt that that required them to be a separate organisation. However, I also thought that, in order to ensure that there is a reasonable degree of stability in the business, it was essential that there was a business agreement for a suitable time to enable the transformation to take place.

Dr Whiteford: I am very sympathetic to the argument for increasing the range of services and products available in post offices, and I think that if that had been done in the past it would have assisted matters greatly, but does the hon. Gentleman share my concern that some of the local post office branches, and in particular the outreach services provided in vans or in mobile facilities, are wholly unsuited to this sort of provision?

John Thurso: I share the hon. Lady's concern, but I do not believe that is insurmountable. In my constituency, I have probably some of the remotest post offices in the United Kingdom. In the villages of Mey and Dunnet we had the first pilot of a van out of Wick, so I have been through all of that. There are problems. There is a post office at Buldoo, which is a mile from Dounreay. Those in charge of the post office are the fourth generation of the family to run it. Happily, they have a croft to sustain them, because they have only 14 customers: there are 14 regular customers and the odd tourist. Clearly, that kind of operation would have a long way to go to be sustainable in the way we are discussing.

A great many products can be delivered online, but often a human interface is required. Given the breadth and depth of the post office network and the number of people involved in it, it can provide that human element that nowadays is so sadly lacking in so much of the interface between Government and the citizen. That is where the opportunity lies.

Let me now explain why I think the new clause of my hon. Friend the Member for Colchester is so necessary. There are many examples in the private sector of businesses that have decided to split, or of joint ventures where those involved have decided to go their own way, or of hotel companies where those in charge have decided to sell the property to a property company but remain the managers. In every one of those examples, there is an agreement. It might be a shareholders' agreement, or it might be a contract between the two parties, but there is some form of agreement. One aspect of such an agreement that is nearly always in place, and usually for a period of five, seven or sometimes 10 years, is a non-compete clause. If there is not a non-compete clause, it is a fair given that at some point – maybe after one or two years – one side or the other will say, "You know that contract we signed? I reckon we can do a bit better. Let's have a go at this."

The Royal Mail needs such a measure just as much as the post offices do. If any body can come anywhere close to challenging the Royal Mail's universal service obligation last-mileability, it is the post office network.

[John Thurso]

That may be unlikely, but it is a possibility, and why bother with allowing a possibility? It is inconceivable that, in an initial public offering or a trade sale, any investor would make an investment in the Royal Mail if there was not a clear contract. Therefore, I would almost guarantee that there will be a contract, so I do not understand the reticence of the Under-Secretary about giving a few measly guarantees as to length and content. I cannot see how that would be other than simply sound commercial good sense by the Business Department, in order to enable both organisations to operate effectively and have a clear path for the future, and for there to be a clear understanding. It is on that one commercial ground that I think the arguments put forward are compelling, which is why, unless there is an even more compelling argument from the Front Bench, I shall support my hon. Friend the Member for Colchester.

Chris Evans (Islwyn) (Lab/Co-op): I support the new clause. I noticed that the hon. Member for Colchester (Bob Russell) was temporarily sitting on this side of the House a few moments ago. I thought he had crossed the Floor. If he wants to make it a permanent arrangement, I am sure we will find space for him on these Benches.

Mr Davidson: We are full up.

Chris Evans: Oh, we are full up, are we?

It was John Major who said that in 50 years from now Britain will still be a country of long shadows on cricket grounds, warm beer, dog lovers, invincible garden suburbs and pools-fillers. Well, he was wrong about that: I do not know anybody who plays the pools any more. He was derided at the time for that vision of the future. It was said that it was nostalgic. However, in that nostalgic vision, what he was really describing are the villages throughout Britain where the sub-postmaster and sub-postmistress underpin the community, as they know their customers and will ask, "We haven't seen Mrs Jones for a couple of days. What's wrong with her? Perhaps I should go round or give her a call." We have all seen stories in the press of the times when postmasters or postmistresses have said they have not seen someone collect their pension, and they have gone round to their home and found that they were in trouble and sorted it out. Unless this new clause is passed, the British way of life—the British way of village life—will be at stake.

As we all know, the fact of the matter is that if the Royal Mail is privatised, it will not be working in favour of the community or the customer; it will be working in favour of the shareholder by selling off assets and knocking down costs. The one thing that it will say is, "We will go to the lowest bidder." I know that Sir Terry Leahy is retiring from Tesco, but if he decides to come up with a white-label Post Office, I am sure that a privatised Royal Mail will go along with that. What will happen then to our village post offices? They will lose more than a third of their business, and that would be terrible.

We already face a problem in getting people to be postmasters. Just this week, I have heard from residents in Crosskeys, in my constituency, where the postmaster has decided to resign. They do not have a post office at the moment and are deeply concerned by the situation. What is the problem? I do not know, so I am talking anecdotally, but it may be that he is making more money from the grocery side of his business or from the national lottery distribution. A lot of people have said to me, "I make more money out of the national lottery than out of the post office." So here is a quick idea for the Minister: if these people are making so much money from gambling, perhaps he should change the regulations to allow post offices to have one-armed bandits or fruit machines in them. Perhaps that would be one way to raise revenue.

Richard Graham: Will the hon. Gentleman clarify where he thinks the risk to our sub-postmasters is coming from? I have a print-out of a Communication Workers Union briefing that arrived this morning. It is claiming to have a list of 900 post offices that are for sale and 160 that are subject to long-term temporary closure. One of those listed in both categories is the post office in Quedgeley, in my constituency. However, it is not for sale and it is not subject to long-term temporary closure, because a new sub-postmaster will be opening it in the next six weeks—

Madam Deputy Speaker (Dawn Primarolo): Order. We are discussing a new clause on inter-company agreements, so the hon. Gentleman's intervention needs to be relevant to that point, although I am sure that his sub-postmaster will be pleased to hear that they have been cited in the Chamber.

Chris Evans: I know Quedgeley post office, because I was the Labour party candidate in Cheltenham in 2005. I know Gloucester quite well and I know that Quedgeley is a lovely part of the world. If the hon. Gentleman is looking for support to keep its post office open, he should give me a call.

Jim Shannon: Be the postmaster.

Chris Evans: I will not be the postmaster, as I have enough on my plate as it is.

As I was saying, we seem to have enough of a problem getting people to become postmasters. If postmasters start losing a large amount of their business, how we will recruit people into these positions? Nobody becomes a postmaster in the hope of becoming a millionaire. Perhaps I am naive, but I believe that people become postmasters because they want to serve their community. They want to be part of their community and provide a service, but who in their right mind would want to be a postmaster when they are having their business taken away? That situation is a tragedy.

Jonathan Edwards: The hon. Gentleman will be aware that 71.3% of Welsh post offices are in rural areas, which compares with the UK average of 55%. Does he not therefore share my concern that if there is no long-term inter-business agreement, that will have a disproportionate effect on Wales?

Chris Evans: Yes, I agree with the hon. Gentleman completely. As a Welsh MP, I know that this Government have certainly hit our country hard. I well remember the posturing of some Members during the Second Reading debate. Many Government Members were boasting, patting themselves on the back and telling us what they

had done to keep their post offices open when they were up against the wicked Labour Government. What will they do next time if this Bill goes through? Before they go into the Lobby, they should think hard. If they are faced with a post office closure in five or 10 years' time, what will they say to their constituents? Are they going to say, "I didn't think it through," or "I followed my Government Whips"? That is what they are faced with at the moment. The hon. Member for Northampton South (Mr Binley) talked about people's legs being cut from under them, and that is what the Bill will do to these Members politically—I am saying that as an Opposition Member.

Damian Collins: The existence of business agreements between the Post Office and the Royal Mail has been no guarantee of keeping post offices open. Surely that is the lesson of the past 10 years.

Chris Evans: Yes, but my major argument in response to that is that if we are taking business away, we are condemning post offices to closure in any case. We have to give them every chance possible. As has been said, many people see the Royal Mail and the Post Office as the same thing. An elderly person who cannot go to their post office to post a letter yet sees the Royal Mail thriving will wonder what is going on. The Government may say that they are providing support to the Post Office, but if they defeat this new clause, they will be giving about as much support to the Post Office as a scaffold gives to a hanged man.

3.15 pm

Margaret Curran: I begin by declaring an interest: I am pleased to be a member of the Communication Workers Union. I was disappointed that I was not more closely involved with the Scottish Affairs Committee and its excellent report on this Bill and with the Public Bill Committee, which I know went into great detail when examining the Bill. I wished to speak this afternoon because I feel obliged to represent the interests of my community and to put on the record the real concerns that exist about the Bill. Like other Members, I wish to reiterate people's support for, and emphasise the significance of, post offices, but I have to tell the Government that people see this Bill as a real threat to them.

As I said to the hon. Member for Northampton South (Mr Binley), my particular interest relates to the attention that needs to be given to post offices in particularly deprived communities. Such post offices often face different challenges from those in rural communities and from those faced by normal city post offices, because they, too, deal with isolation, represent a lifeline and are vital. Other shops, services and support are often absent in these deprived communities, so post offices take on a particular importance, and we should bear that in mind. I do not doubt that most of us in this House would seek to improve those areas and represent their interests as best we can, despite our different political approaches to doing so. However, rather than improving services, this Bill will move in completely the opposite direction.

I recognise the points made by the hon. Member for Colchester (Bob Russell) and I understand that he has a long history of criticising the records of many Governments on post offices. I understand that he legitimately and respectfully disagreed with the Labour Government, but it is somewhat illogical if the moment people in government, they make the situation even worse and take actions that will make the problems that they are identifying much more grave in communities. None the less, the hon. Gentleman has tabled this new clause, which gives us some means of protecting the interests of the communities that I wish to discuss this afternoon.

I hope that hon. Members will support the new clause and that the Minister will address the many detailed points that have arisen. In particular, I hope that he will deal with the interesting points made by the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso), who addressed the economic and business arguments and showed that this proposal could easily be supported because it does not run counter to business interests or, presumably, to European Union legislation. I say that given the hon. Gentleman's knowledge of the subject. If we are seeking to bring stability to post offices' services and to secure the future viability of the Post Office, the new clause should be supported, because the core of the argument is the fact that we need to oblige Royal Mail to maintain an inter-business agreement with the post office network. We need to do that if we are to safeguard and protect the viability of post offices. If we do not do that and the Government go full steam ahead with their proposals, it is perfectly feasible that the historical link between Royal Mail and the post office network could be broken, with far-reaching implications.

As many Members have said, the implications of that may be felt further down the line, but they will be far-reaching. As the hon. Member for Northampton South put it, they could cut the legs from under people and from Members in here when people realise the consequences of this. So the decision we make this afternoon will have consequences down the line.

Cathy Jamieson: Does my hon. Friend agree with me and with the other members of the Scottish Affairs Committee on our recommendation that the Government should take a more proactive approach towards the inter-business agreement, rather than simply setting something up and leaving it to its own devices?

Margaret Curran: I strongly agree, because that goes to the heart of the protections that are required and explains why people are deeply worried about this legislation. They see it as a forerunner of many post office closures because we are not taking the necessary steps to protect the service and we are not being proactive. Communities, particularly the ones in greatest need, look to their representatives to protect them and to take action that will look after their best interests. If we do not do this during today's debate, we are being, at best, neglectful. If we pass the Bill in its entirety, we will be taking negative action in respect of the interests of the post office network and, therefore, of those communities.

David Mowat: I have difficulty understanding how the continuation of the IBA can be more powerful than the policy whereby 11,500 post offices are guaranteed to be kept open for four more years. Can the hon. Lady answer that question?

Margaret Curran: I have listened to the hon. Gentleman make similar points to a number of Members. I fundamentally disagree with the argument made by Government Members that it is an either/or situation. I am not saying that the IBA is the only thing that will protect post offices, but it is at the core of what needs to be done. If we take it away, we will almost guarantee closures. In itself it is perhaps not enough, but we cannot take it away. To argue the opposite is illogical.

We need to take action now to ensure that we do not end up, as has been said by many Members, in a situation in which a large retailer steps in and takes over the service. In my constituency, Barlanark—a very deprived area—has a post office on the up-for-sale list. That community could end up with no post office in a few years' time. An elderly person living at the back of a housing scheme would be unable to get to any of the large retailers in the community, a single parent with three children would be unable to get to a post office, and all those who did not have a car would find things very difficult.

We have seen the centralisation of services in the big retailers and, as the hon. Member for Angus (Mr Weir) has said, more and more purchases are being made from them. That has led to the centralisation of many facilities in deprived communities and those who are at the margins of those communities cannot access those facilities. We should not be making the situation worse. We should not be acting against those interests by not protecting the IBA through the opportunity we have before us this afternoon.

Mr Nigel Dodds (Belfast North) (DUP): I totally endorse what the hon. Lady is saying, particularly about post offices in deprived inner-city areas. I represent some of the most deprived wards in Belfast and I recognise what she is saying. We face a similar situation in my constituency at the moment and we need the agreement to provide stability. We cannot get people to take on post offices as it is. If this threat hangs over them, we will have no chance of getting postmasters to take over ailing businesses.

Margaret Curran: That is a very good point and I associate myself strongly with it. Things are very difficult as they stand and if the IBA is not strengthened in the proposed way, we will make the situation much worse and make it a much less attractive option for people.

David Mowat: I agree with the need to keep the 11,500 post offices open, which is exactly what the Bill is doing, but I have genuine difficulty understanding why the IBA, which has resulted, among other things, in two thirds of the post offices that are open making a loss, is more important than the clear policy commitment to keep 11,500 post offices open.

Margaret Curran: I disagree fundamentally with the hon. Gentleman. First, it is not the IBA that has led to post office closures in the past. Many factors led to those closures, but many people would argue that we need to maintain the IBA to continue to protect the service. If we do not take this action today, we could deprive Post Office Ltd of 38% of its income. In whose world does depriving an organisation of 38% of its income protect it and its viability? I ask the hon. Gentleman to think long and hard before he argues in favour of and supports the Bill this afternoon.

Those involved in the regeneration of deprived communities and who have considered the different levers available to Government to keep those communities going know that post offices are a critical part of the process. We should not—particularly not under any Government who would ever try to claim the word "progressive"—be undermining the regeneration of those communities and making the lives of individuals, particularly those in the greatest need, more difficult. I disagree with the Bill fundamentally and think that the privatisation of Royal Mail will critically undermine post office services, but if we do not take the opportunity offered by this new clause, not one of us could ever with any credibility stand outside a post office and campaign to save it.

Mark Durkan: Like many others who have spoken in this debate, I completely opposed the direction of travel of the last Government on Royal Mail and post offices. I therefore oppose this Bill. I very much support the new clause tabled by the hon. Member for Colchester (Bob Russell), because it at least seeks to mitigate some of the most likely impacts and effects of the privatisation measures on the post office network.

As legislators, and collectively in this House, we have a duty of intelligent care when it comes to the impact and effects of the legislation that we pass. It is not enough for any of us to say that our judgment of what, as many Members have said, is predictable as regards the future of the post office network—many have recalled the toll of business loss, the loss of Post Office Counters and the loss of post offices in many constituencies in every area—is somehow washed away by the Secretary of State's telling us that it is unthinkable that there would not be a long-term ongoing relationship. It is not washed away if we are told that that is unthinkable by Richard Hooper or the chief executive of Royal Mail. We all know that it is entirely thinkable— and it is not just thinkable, but predictable.

The truth about why the Government do not want us to legislate against the unthinkable—surely, as legislators, that is the first thing we should be doing—is not because such a change is unthinkable, but because they think that legislation against it is undesirable for the potential investors that they seek for Royal Mail. The Government believe that the sort of measures contained in the new clause would be repellent to potential investors and would-be future buyers of Royal Mail. It has little to do with what the EU will say or anything else. The real business is that such changes are entirely thinkable, which is why it is completely dishonest for people to rely on the claims that a change in the long-term relationship between Royal Mail and the Post Office would be unthinkable.

I was struck by the points made by the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso). He began by saying that, in his view, the post office side of the business had always suffered from being a bit of a Cinderella and that the driving force was very much on the Royal Mail side of the business. At the end of his interesting and welcome comments, he suggested that he thought that at some point the Government would consider the need for a clearer contract between Royal Mail and the post office counters side, but, again, it was telling that that contract would be revised because of the interests of Royal Mail and the future of that

business, not so much because of the post office end of the business. In those circumstances, it is right and proper that this House—now we have been given the opportunity offered by this useful new clause—should make very clear the particular regard that we, collectively and individually, have for the service that post offices provide and could provide in future.

There is a danger, which some of us might have added to in this debate, of creating a sense that the demise of post offices as we know them is inevitable and terminal, but I do not believe it is. As many hon. Members have said, there are services into which post offices could better diversify, such as providing a range of different financial services with other businesses or having a much stronger service portal relationship with government and public services in many ways. The best way of allowing the post office network to reinvent and develop itself over a period of years in the aftermath of this privatisation would be to provide a margin of reliability for post offices in terms of the business from Royal Mail on which they have traditionally depended. A figure oft quoted in this debate is the amount of post office business that involves post offices fronting for Royal Mail services. If we deny them that margin of reliability and say, "It's up to you to find all sorts of new services and new markets and to reinvent yourself," we give them an impossible task. It would be an absolute dereliction of our public and legislative duty to do so. I therefore ask all hon. Members to support the new clause.

3.30 pm

What might constitute a long-term agreement? Back in October, the Secretary of State told the House, and we have since heard it from everyone else, that it is unthinkable that there would not be a long-term contract. In Committee, many hon. Members, including Opposition Front Benchers, asked exactly what that meant. If there is to be a long-term contract, the Government should tell us the substance of the contract and how long is meant by long term, but we have not had that information. It is ridiculous for them to ask us to rely on assurances and indications. It would be like pretending that a tyre is flat only at the bottom—that this is just a small issue that we do not have to worry about and that we can go along and make do on that basis. That simply is not true.

What would be a reasonable long-term agreement between these two independent businesses, which are going to be new and separate entities? The Government are made up of two separate and independent entities and they have made a business agreement between them that goes to the maximum it could possibly be—five-year parliamentary terms. They have produced a five-year agreement on the back of which they say that all future Parliaments should be five years rather than the four years that people believe to be reasonable. They have gone to the maximum in that regard, but apparently five years is too long for a business agreement between the Post Office and Royal Mail. They say that would be wrong and undue—apparently it is too long term—but I think it entirely proper that there should be a long-term agreement.

Jim Shannon: Does the hon. Gentleman agree that as postmasters and postmistresses retire and opportunities become available for people to take on public post offices, a 10-year, rather than a three-year, agreement would make that more attractive? If he were considering taking over such a business, would a 10-year agreement give him some confidence in the future?

Mark Durkan: I fully accept the hon. Gentleman's point. The proposed agreement would make a difference not just for the individual business people who make a commitment to individual post offices, but collectively for the network and for those who will have responsibility for the broader Post Office enterprise in future. It is meant to give a period of confidence and space, to reduce the unknowns and to give at least some stability and reliability regarding some of the knowns in that context. It would not solve all the other problems—and there are many other issues and challenges—but it would at least give people some measure of assurance.

Lorely Burt: I think we are all on the same page in wanting a long agreement. Donald Brydon has said that he would push for the longest agreement possible, so I am not too sure why hon. Members are so worried about the fact that we are trying to impose a 10-year agreement on two businesses for which 10 years may or may not be an optimum time.

Mark Durkan: We are not worried about why we should impose an agreement of 10 years; most of us are worried about why the Government would not impose an agreement of 10 years. If someone says they want the maximum agreement possible, it is entirely reasonable for us as a legislative body to say that 10 years is a reasonable period. Given that the legislation is going to construct new realities and impose new conditions on these businesses, we at least have a duty and responsibility to make sure that one of them can have a measure of confidence that it will not have if this new clause is not accepted.

Gordon Banks: Does the hon. Gentleman agree that the argument put by the hon. Member for Solihull (Lorely Burt) is not assisted by the fact that people such as Mr Brydon are unable or unwilling to put a figure on what the maximum number of years will be? That undermines her argument.

Mark Durkan: I accept fully the point that my hon. Friend on the Front Bench is making. In the absence of other indications, that is why we as legislators have a duty at least to indicate what we think is a reasonable time. It is unreasonable for us to do otherwise in the circumstances.

Richard Graham: Does the hon. Gentleman agree that if legal advice to the Minister is that it is not practical to legislate for an agreement between Royal Mail and Post Office Ltd for the IBA, and if we all accept that both companies wish to agree a long IBA, surely that will happen in due course, before there is any IPO—initial public offering—of Royal Mail?

Mark Durkan: The hon. Gentleman may be easily reassured on that point, but I certainly would not be and I doubt whether many other Members would be either. Perhaps we should have tested the question more during the debate—the hon. Member for Solihull (Lorely Burt) referred to it—so that we knew exactly why the

[Mark Durkan]

Minister says that we cannot include the new clause. It seems that there would be a legal challenge on the basis of EU legislation.

Mr Russell Brown: I sincerely hope that the Minister responds to my hon. Friend, but I think the answer to the question he is posing is simply that the Government are trying to privatise an asset, but they think it will become a liability as soon as it has the sentence of a 10-year IBA around its neck.

Mark Durkan: My hon. Friend is exactly right and he reinforces a point that was made earlier. The real issue is that the Government believe that potential investors will be put off if the agreement is seen to impose restrictions on their options for a period of years.

Mr Binley: Whatever happens, the recognition of 900 mail centres means that whoever buys Royal Mail will have to work with those people. They cannot possibly cut off those centres straight away, so an agreement of some kind has to be made for Royal Mail to continue working. Is it not right to say that we want to include the provision so that we know that an agreement will certainly be made?

Mark Durkan: I fully take the hon. Gentleman's welcome point. That is precisely what we as legislators are being asked to do—provide some back-up certainty and reinforcement on such an agreement.

There is a suggestion that the EU would upset an agreement, or frown on it. Let us remember that we are not talking about the House suddenly legislating to impose an agreement on two currently free, private and commercial enterprises; we are talking about a very different starting point. All Members of the House and of the devolved Assemblies have dealt with lots of situations where, through legislation and other means, we provide for various restraints, guarantees, restrictions and obliged agreements in contracts over a period of years. Such provisions could relate to restrictive gas and energy licences over long periods, guaranteed contracts between providers in different markets to create stability, or even to opening and developing markets. Such things are done all the time, and the measures are respected and accepted by the EU.

Gordon Banks: Does my hon. Friend agree with the people who believe that it may not be legal pressure that prevents the Minister from making the proposed arrangement possible, but Treasury pressure?

Mark Durkan: I join my hon. Friend in that suspicion; no doubt the Treasury is asking where the proposal will go and what would be the margin of attraction if there were changes. Because the Treasury believes that the proposal would make the business less attractive to the market, it has drawn conclusions and made an assessment.

On that point, I shall close to allow other Members to participate. I stress that we cannot hide behind the assumptions and presumptions that have been casually made, either in Committee or in the House, that the new clause is neither necessary nor feasible because other things are unthinkable.

Mr Davidson: I rise to speak as the Chair of the Scottish Affairs Committee, rather than as a constituency Member. I will therefore not explain why the construction of two aircraft carriers is absolutely vital to the maintenance of Royal Mail and the postal service.

We decided as a Select Committee that it was not appropriate for us to consider ownership or pension issues, because they were not mainly Scottish issues, but we wanted to consider particularly the future of the universal service obligation and the future of post offices, as they are of greater importance to rural and deprived areas in Scotland than perhaps they are to many other areas of the country.

We took as a given the importance of the role that post offices and Royal Mail play in the community. A number of other Members have already referred to that. Normal procedure does not necessarily mean that we cannot repeat exactly what other Members have said, but I will not do so in these circumstances. I want to move on to our recommendations on these issues.

We met the Minister and had a hearing with him, and it was generally our view that he was not nearly as bad as people led us to believe. He was sincere in his view. We all thought that he wanted to support the maintenance of the post office network and the universal service obligation. There was no doubt in our view that his heart in all this was in the right place. Unfortunately, we did, however, think that his head was a bit muddled.

The Minister and ourselves had identified the fact that the inter-business agreement was absolutely essential for the future of post offices, but we were not convinced that he appreciated the necessity to make it as firm as possible. We took the view that his good intentions, which we accepted, were not sufficient, because events might occur that submerged a host of good intentions. We have already seen the Government use the economic crisis as an excuse to ditch all sorts of commitments that both coalition parties made before the election. We therefore took the view, as Ronald Reagan did with the Russians on missiles, "Trust, but verify." We accepted his good intentions, but we wanted to ensure that things were pinned down as firmly as possible.

We welcomed the Minister's statement that he did not intend to put anything in the way of such an agreement. We took the view that there was a hierarchy of ways in which it could be approached. Undertaking to remove obstacles—well, not objecting to doing so in the first place—we took as a given. He indicated that he was keen to see obstacles removed. One of our recommendations is that the Minister take positive steps to facilitate a long and robust IBA and to remove any obstacle, whether practical, legal or otherwise, that may exist. Clarifying whether there are obstacles to a 10-year IBA being signed now would remove a lot of the anxiety about whether the European Union is blocking this or any other agreement.

As the second line of pursuit, we wanted a voluntarily entered into 10-year IBA agreed before any such sale. There seemed no reason from what we heard from the Minister, given that he was willing to overcome any obstacle, why a voluntarily entered into IBA could not be signed before sale took place. We said:

"We understand that this may affect the marketability of Royal Mail, but it is essential to the sustainability of Postal Services in Scotland."

We appreciated that Royal Mail signing an IBA might affect the price that it achieved, because it might be seen as a less attractive commercial operation than would otherwise be the case. We none the less agreed that we wanted to include that because the preservation of post offices through the construction of an IBA and its implementation before privatisation or a change of ownership was absolutely vital.

Damian Collins: Does the hon. Gentleman not think that the case might be argued the other way? In taking Royal Mail to sale, one has to demonstrate that one has a secure agreement with the post office network as a major retail outlet that provides a sound footing for services at the point of sale. It is in the network's interest in getting the best possible deal for Royal Mail.

3.45 pm

Mr Davidson: No, we took exactly the opposite view. We accept that Royal Mail would probably want to have the post office network. That network is important to Royal Mail, but it is not utterly and absolutely essential, whereas the converse is not the case. It is a question of ham and eggs. The pig makes a much greater commitment than the hen, so we took the view that, if there were a privatised Royal Mail or a change of ownership, which is free to negotiate with post offices, it would be likely to drive a much, much harder bargain. It would seek, for entirely understandable commercial reasons, to drive the post office network into the ground as much as possible, to extract the maximum possible advantage from those negotiations, because it would not be directly responsible for the future of the post office network. That is why we took the view that the Post Office's position was likely to be strongest before any change of ownership, so it was best agreed now, rather than later.

Richard Graham: I was not quite sure who the pig and chicken were in the hon. Gentleman's analogy. However, on the relationship between Royal Mail and Post Office Ltd, and the role of the Treasury and the financial issue, does he not agree—and I am sure that we will all be invited to buy shares in a privatised Royal Mail, and that it will be a flotation in which many people will participate—that we would all want to see that agreement in place, so that provides the best likelihood of its happening?

Mr Davidson: No, I do not agree with that at all, because I do not believe that a structure will be established for Royal Mail that necessarily allows all shareholders to come round and cast a collective vote on whether they want to maintain a collective post office network. It will be in the management's interests to maximise the return for the shareholders, so screwing the post offices into the ground will probably be in their interest. I am sorry if my comparison about ham and eggs, and chicken and bacon was not understood. The concept is that the pig provides the bacon, and the chicken provides the eggs. The chicken can carry on afterwards, but it is not quite as easy for the pig. I am sorry if that is beyond senior members of the Conservative party, but we are prepared to explain these things to them later.

Returning to the question of how we can secure the strongest possible commitment to the IBA, as proposed in the new clause, which the Committee had not seen when it prepared its report, we thought that having that in legislation would be an extremely strong protection. If the Minister can give us an assurance that legislation is not necessary because the same things will be achieved without legislation before there is any question of a sale, then, because we are reasonable, we would be satisfied. However, the House will understand our anxiety, because after the by-election on Thursday, the Minister might not be here any longer. We want to make sure, while he is in a position of authority, that he allows his heart to rule and produces measures that we find acceptable.

I should like to touch on one or two other worrying issues relating to the Post Office. On the size of the network in Scotland, we accept that the Government's access criteria are helpful in setting out the structure of the network that they want. We welcome, too, the fact that they intend to keep 11,500 post offices. However, it is not the case that the access criteria necessarily mean that the 11,500 will remain, because our understanding is that the access criteria could be met with 7,500 post offices. A commitment to 11,500 is not necessarily a commitment to the 11,500 that are there at the moment. It would be possible in those circumstances for a substantial denuding of the post office service to take place in the highlands, the islands, the borders or Argyll. Rural areas could maintain the present access criteria, and the 11,500 criterion could be met because other post offices might set up elsewhere in urban areas, but the service would undoubtedly be worse than it was before.

The Minister shakes his head. I would welcome a commitment from him that the intention is to maintain the network pretty much as it is. I genuinely understand his difficulty. Individual post offices are controlled by individual private contractors. We cannot legislate to refuse somebody permission to leave. There will always be some degree of coming and going. If it were one in, one out in a particular area, we would not object to that, but there could quite easily be a couple of hundred post offices going out of the rural areas or the poor areas, and a couple of hundred starting up in the richer areas where need is perhaps less. The Minister's criterion would still be met, but the social objectives that we are pursuing would be lost. I am happy to give way if the Minister wants to solve my problem.

Mr Davey: Philately has got me to my feet. I am looking forward to reading the Scottish Affairs Committee's full report. I thought that I had said to the Committee that the 11,500 commitment is in the contractual agreement between the Government and Post Office Ltd. That is a strong commitment and it is backed up by the access criteria that we inherited from the previous Government, which could be delivered by a network of 7,500 post offices. Obviously, there is a debate about that, but the two together give a strong reassurance to Members and to communities around the country and meet all the concerns that the hon. Gentleman is raising.

Mr Davidson: The Committee unanimously welcomed the points that the Minister was making about the access criteria and the fact that he was guaranteeing, as I understood it, 11,500 post offices, but surely he will accept that his guarantee does not guarantee the same 11,500. It does not guarantee them in the same locations. In some areas, particularly rural areas, where there are small post offices, the access criteria are, thankfully,

[Mr Davidson]

better met. One of those could easily close, one could open somewhere else, such as London, and both sets of criteria would still be met.

If the Minister cannot give us a commitment today, perhaps he will take that away and consider whether something could be done at a later stage in the passage of the Bill. I think that he accepts that this is a genuine anxiety and that we are here to help him. We are identifying gaps in provision and trying to strengthen the Bill.

Mr Reid: I share the hon. Gentleman's anxieties. However, as we discussed in Committee, the problem was framing legislation to cover all eventualities. He correctly pointed out that the previous Government's access criteria, which continue under the present Government, could be satisfied with 7,500 post offices. The only way to solve the problem would be to pass legislation that no post office could ever close, but it was agreed that that was not a practical solution. No amendment has been tabled today that offers a practical solution. The problem is putting such a solution into legislation. We have to accept the assurances of the Government. That is the only way in which we can proceed, because of the impracticality of legislating.

Mr Davidson: The hon. Gentleman serves with me on the Scottish Affairs Committee. As he will remember, we were not recommending that there should be a change to the legislation on this point. Unanimously we agreed that putting it in legislation would be too difficult, and we understood the Minister's difficulty in identifying a policy that would encompass these points. But we wanted to raise the matter again because it was raised with us on a number of occasions by people who could see how the Government's commitment could, in effect, continue to be met while there was none the less a deterioration in service.

The Minister has made the point that the contractors are independent. If somebody leaves a post office, somebody else will have to decide whether they want to take that on. After the next election, there may well be a number of Liberal Democrats looking for new jobs, and they may consider whether to become sub-postmasters. So, I am actually thinking of the Minister as much as anything else. He might wish to become a sub-postmaster in those circumstances, and, to return to a previous point, I am sure that he would much prefer a 10-year, or what might then be a five-year, guarantee with Royal Mail to one of only a few weeks. Again, it would be for his own good.

Sarah Newton (Truro and Falmouth) (Con): I very much agree that the location of post offices is vital. Does the hon. Gentleman agree that responsibility for that could be given to the new regulator? The previous Government took away that responsibility, but there used to be regulation on the consultation and decision-making process that affected the location of post offices, so the Minister might consider that idea when establishing the new regulator.

Mr Davidson: That seems like a very constructive way of looking at the issue. I am not sure about the practicalities, and nobody else raised the matter with us during our discussions, so we have not introduced it as a recommendation. We were interested in the outcome, however, and we had sufficient faith in the Minister and his support staff to identify ways in which it could be achieved.

That brings me to the other point about which we had anxieties. It relates to the point about the number of outlets, and it is the issue of wandering vans. The Government have committed to a certain number of outlets, and the Minister has indicated that he wants to have 11,500, but an outlet can be a van that stops for a certain period at a location and then moves on; it does not necessarily have to be a post office.

We have already heard how some sub-post offices and outreach facilities were not considered adequate, and the hon. Member for Banff and Buchan (Dr Whiteford) described how people had to queue outside some of them in the rain and snow. The facilities were not always satisfactory, and we worry that the Government will be able to meet their target of 11,500 by introducing a number of wandering vans that go to five places a day, five days a week, meaning that 25 outlets are covered.

So, 100 peripatetic vans—to use their Sunday name—would cover a substantial number of the 11,500 outlets that the Minister identifies, and that is clearly not what we intended. It would therefore be helpful if he indicated the criteria that will apply when deciding to introduce a wandering van. Is he willing to state that there will be a maximum number? We do not want the commitment to 11,500 outlets undermined and devalued by there being not even full-time vans, but part-time vans that appear for only a limited number of hours per week. That is the final area of the proposed changes on which we want the Minister's clarification. Again, if he does not feel able to provide it today, I hope that he will find it possible to produce appropriate statements before the legislation is finalised.

Tom Blenkinsop: I support new—cross-party—clause 2 as part of a damage limitation exercise in opposition to this Bill to privatise Royal Mail, and in order to protect Royal Mail, which Moya Greene, its new chief executive, says provides one of the most excellent services in the world.

I, like many colleagues, have major concerns that the Bill's proposal to separate Post Office Ltd and Royal Mail will lead to significant changes in arrangements between the two entities—two that are currently one. My Opposition colleagues and I are not the only ones to have said that; the postmasters, and the Royal Mail workers and managers whom I met in my constituency over Christmas, reiterated it.

There is no known international precedent for separating a national mail operator from its retail arm, and the changes will be detrimental to post offices in my constituency and to my constituents, their customers. The changes are likely to lead to Post Office Ltd no longer being treated as a preferred and reliable in-house provider by Royal Mail. Instead, I fear that the Post Office will be seen no differently from any other supplier, with the long, shared history between the two companies overlooked and the public's wishes for a good, complementary service disregarded.

As we have heard, post offices—especially small rural post offices in villages across the country and in my constituency—are heavily dependent on Royal Mail

business for income and attracting customer visits to their premises. In the same area, our local post offices provide a convenient and trusted location to carry out Royal Mail transactions both for the general public and for our local small businesses. Many of those post offices act as village shops and sell convenience goods, groceries, sweets and newspapers. However, many of those businesses' activities are unviable on their own without post office activity underpinning them.

4pm

The existence of the business agreement is also important to sub-postmasters when they deal with their banks. The banks view the agreement as a guarantee of income that can be considered as collateral for lending to post offices and sub-postmasters. An unconditional clause must therefore be put in any legislation stating that such a mandatory contract between Post Office Ltd and the Royal Mail must be put in place if there has to be any separation. However, Liberal Democrat and Conservative pleas on that are in opposition to the comments of the Lib Dem Minister, who said in Committee:

"if you actually wrote that there should be a contract between two companies that are going to be separate companies into law, I think that would be subject to serious legal challenge." —[*Official Report, Postal Services Public Bill Committee*, 11 November 2010; c. 123, Q244.]

To date, the Minister still has not provided any evidence for that position.

I strongly believe that there must be a commitment from Ministers that the full range of Government services that can be delivered via local post offices will be secured. The Government must proactively look at a range of attractive new services and post office business streams. Some post office services have already been outsourced to PayPoint, as was reported in the press recently. In addition, the coalition's decision not to pursue a post bank is another example of the Government ignoring opportunities for the post office and the public. A mutualised post office with a bank would be an excellent community asset and would provide financial sustainability for post offices. The other arguments we have heard today about commercial necessity and banks withdrawing from localities and using post offices for their financial services tie in with the ongoing arrangements that post offices are developing.

Mr Robin Walker (Worcester) (Con): Does the hon. Gentleman accept that the alternative of bringing credit unions into post offices is very attractive and that the opportunity for credit unions to work with post offices creates a positive alternative to the banking approach?

Tom Blenkinsop: It certainly is an alternative and I take it on board as an option. However, in and of itself, the post bank would not necessarily be in conflict with the credit union. Other Government policies have undermined and withdrawn funds from credit unions. That happened recently with the north-east moneylending team, which was within the Minister's remit.

Many postmasters fear the worst—that the Bill will be passed—and have made a plea to Government to consider at least extending the contract to 10 years. That request has been knocked back by the Government on the basis that it would not be compatible with EU regulations. However, I am assured by postmasters who investigated the matter that that is merely an excuse. The Government's position regarding BSkyB and the fact that the potential buyer of the Royal Mail could own 90% of the company leads us to ask what the difference is between a state-owned monopoly and a private monopoly.

Postmasters have also referred me to the rail franchise contract as an example of how such things can be and, indeed, have been done. I cannot think of any reason why the Government are willing to grant 10-year rail franchises, but will not do something similar for the Royal Mail. A 10-year agreement would be advantageous for a number of reasons. First, in the German and Dutch models, which have been referred to as examples of best practice by Ministers in Committee and today, legislation stipulates the number of national access points. It appears that the Minister has more of a problem with German geography than with the potential German ownership of the Royal Mail. Without such a clause, a minimum 10-year deal is necessary to reassure those running existing post offices, which are mainly independently owned.

Neil Carmichael (Stroud) (Con): Having seen several post offices close in my constituency before the general election, I welcome the Minister's commitment to end the closure programmes. The key point is that post offices should be given the flexibility to get in extra services and respond to new developments, and that is the fundamental point of this aspect of the Bill. Does the hon. Gentleman agree?

Tom Blenkinsop: No, I do not. The point of the IBA is to allow for an established foundation so that post offices can exploit further services, but we have not seen, to date, what those services will be. We have had promises about potential services, but as in the case of the press stories about PayPoint bidding for benefits contracts, for example, we hear one thing and then there is evidence of something else occurring.

Post offices are, in the main, independently owned, and the mutualised scheme assumes that the vast majority will opt into the mutual model, without providing any details of what that will mean in practice for a particular post office, which mutual model will be adopted, or whether Government will sit on the board of a mutual or a workers' co-operative or customer-workers' co-operative. Nor does it say what would happen to a sub-postmaster if they decided not to opt into the model. In any case, a mutual model offers no safety without a long-term guaranteed IBA for business. Royal Mail could, and probably will, seek cheaper access points after the IBA has expired.

How can the Government guarantee fair commercial negotiations between a privatised, large and powerful Royal Mail and a mutualised, smaller Post Office Ltd? Perhaps the two coalition partners, with one obviously being large and the other smaller, can give us some information on how such negotiations go ahead and how such agreements are reached. However, looking at this from the outside, it does not look particularly helpful for any form of Post Office Ltd taking forward any sort of commercial negotiations. If the position cannot be guaranteed, what message does that give to business and to the general public at large, and what chance is there of having an independent Post Office that opts out of a mutualisation scheme and goes into commercial dealings with a larger Royal Mail?

[Tom Blenkinsop]

The Government's proposed pilots have yet to start and to prove how new services in post offices will have worked. That is not to say that they will not, but there is no evidence as yet for us, as legislators, to see that evidence before we carry on.

Jesse Norman (Hereford and South Herefordshire) (Con): Obviously the details are some way from being decided, and the model for how the Post Office will be organised as a mutual, if that happens, has yet to be chosen. Surely, however, this is something to be welcomed across the House. There may be concerns about the specifics, but does not the hon. Gentleman feel a sense of warmth towards the idea of a mutual Post Office?

Tom Blenkinsop: As a member of the Labour and Co-operative party, I always have a sense of warmth towards mutuals and co-operatives. However, I do not yet know what we are being sold, and until I see the details I ain't signing anything.

Post office and mail services are seen not as mere businesses but as an essential part of our way of life. These are not just romantic notions on my part. I cite the report issued last year by the Business, Innovation and Skills Committee, which says that local post offices provide a focal point for communities. It says that they are

"an instrument of social cohesion"

that

"preserve the fabric of our society"

and are places

"where vulnerable and non-vulnerable people alike share services".

Every week 20 million people visit a post office. For every £1 transacted in the UK, 14p is handled through the post office network. Post offices are also a lifeline for many of the most vulnerable people in society, including older people, the disabled, people on low incomes and also—this is important to me in my constituency—those living in rural villages and small towns.

Small businesses are also extensive users of the post office network, particularly its mail services. I understand from the Federation of Small Businesses in my region that 20% of its member companies use post offices, while 59% use their local post office at least once a week. The growth of online business transactions has boosted this usage significantly, with Royal Mail parcel delivery posted from local post office branches being the preferred medium.

The inherent strength of the current post office network lies in its depth and its reach. The existence of 11,500 sub-post offices means that the network of post offices remains bigger than all the bank and building society branches put together. This becomes even more important when we note the continued closure of local bank branches.

Damian Collins: As we have discussed, that is the inherent attractiveness of the Post Office and one of its great bargaining tools. No retail outlet in this country can offer the breadth and number of locations of the Post Office.

Tom Blenkinsop: We have seen recently that Tesco could compete with the Post Office, and have heard in this debate that other commercial ventures could do so.

Damian Collins: Even the major supermarkets—and probably all the major bank branches—combined do not reach the scale of the Post Office. I am yet to be convinced that there is a realistic retail alternative whereby the Royal Mail could take its business wholesale out of the Post Office and give it to someone else. That is the picture painted by some Opposition Members.

Tom Blenkinsop: No, we are portraying a picture of the future in which that could happen. Royal Mail Group has admitted that nearly two thirds of existing post offices are economically unviable. That does not mean that they are not propped up by the inter-business agreement. That is the difference in how the Opposition and some Government Members view the IBA. Is it simply a system that keeps post offices alive, or is it a redistributive mechanism within Royal Mail Group, alongside other mechanisms, that ensures that there is a service provider across the UK?

Mr Davidson: Perhaps it would be helpful if we clarified whether it would be possible, without an IBA, for Royal Mail to do a deal with Tesco, other supermarkets and a number of banks, and to fill in the missing parts of the jigsaw with post offices. Surely that is the alternative that we ought to be worried about. That is the danger of going down the road indicated by the hon. Member for Folkestone and Hythe (Damian Collins). He seems to think that the option is between the Post Office in its entirety and Tesco in its entirety. A predatory Royal Mail could easily decide to pick and mix. The danger is that we would be left with a small number of post offices, with the rest replaced willy-nilly by Tesco and the like.

Tom Blenkinsop: There is also the assumption that the Royal Mail will stay at its current size and not contract wholesale to a more commercially viable size in urban areas, and an assumption that it will remain as one national system and not fracture into regional systems with further purchases and sales. It depends who the buyer is, and we have no guarantee on that either.

The importance of the inter-business agreement is demonstrated by the figure from the National Federation of SubPostmasters that income from transactions carried out in post offices on behalf of the Royal Mail accounts for a third of Post Office Ltd's income—£343 million in 2009-10—and makes up a third of sub-postmasters' pay and income. It is clear that if the agreement, which has almost four years left to run, is not retained and carried over, more local sub-postmasters will conclude that the game is up and hand in their keys. The arrangements under the Transfer of Undertakings (Protection of Employment) Regulations 2006 are likely to change, and the terms and conditions for sub-postmasters may change substantially. If I was a sub-postmaster in a rural area and wanted my pension or redundancy, I would see this as a dodgy area.

It may be easy for Ministers to ignore such arguments and say that there are always people who are willing to provide post office services, but from my constituency

experience, that is far from the truth. When a local urban post office in Coulby Newham closed recently, the response to the advertisement of the new business opportunity was negligible. Luckily, we were able, in partnership with the regional offices of Post Office Ltd to find a business man, Mr Patel, who was willing to take the risk of opening a new outlet in Coulby Newham, but I stress that that was with the benefit of the inter-business agreement. Without it, I do not believe that he would have taken the plunge.

Any changes to Royal Mail and its relationship with Post Office Ltd that adversely impact on the network will unquestionably risk further widespread post office closures. If the Government do not heed that warning, the public and my constituents will know who to blame. Royal Mail is a great example of how the market does not solve everything. It simply does not make economic or business sense for a company to set up to provide a postal service in rural areas. That is why we need Royal Mail, why we have the IBA, and why it must remain.

Nia Griffith (Llanelli) (Lab): To most people in this country, the Royal Mail and the Post Office are synonymous. To them, the matching colours of the Royal Mail vans and the oval sign indicating the presence of a post office are symbolic of an inextricable link between the two. They are the two arms of one and the same service. The post office is the collection or access point—the place where people take the parcel that they want to post or the letter that they want to register—and the Royal Mail van that does the country rounds, or the postman or woman wearing the badge with the red and yellow insignia on it, provides the delivery service.

4.15 pm

To most people, it is unthinkable that the two should be separated, and indeed Moya Greene, the chief executive of Royal Mail, recognises that historical link and has uttered warm words about a privatised Royal Mail continuing to use the Post Office to provide the access counters for its services. However, fine words are not enough. In the tough world of business, in which a profit-hungry, privatised Royal Mail will be looking to drive the hardest bargain possible, neither tradition nor public service is likely to be the foremost consideration. They are likely to be subservient to the profit motive.

One may well think that the motive of profit would also lead to costs being driven down, which would be beneficial to the consumer. However, we all know that cost-effectiveness can mean that services become concentrated in the big centres with high turnovers. Services such as shops or post offices that serve scattered rural communities, or less well-off urban areas where spending levels are low, find it difficult to make ends meet, and that can lead to shop owners or sub-postmasters shutting up shop with little to attract new entrants. The consumer is therefore left with fewer outlets and less choice. Very often, those who are not car owners miss out most. They can no longer look forward to a little walk and a chat in the local shop. We have all seen it happen—the big supermarket arrives in an area and surrounding businesses are put out of business.

Labour's belief is that a viable, sustainable post office network is a critical part of the social infrastructure of many communities. That belief led us to develop the access criteria for post offices and to set aside the £1.5 million annual subsidy to maintain the current network of some 11,900 post offices. I am pleased to note that the important social role of post offices was recognised in the Government's recent document accompanying the announcement of the continuation of that subsidy.

We know that Royal Mail business accounts for more than a third of the post office network's revenue—some £343 million. One third of sub-postmasters' pay, some £240 million, is also generated from the sale of Royal Mail products and services. Clearly, the loss of one third of the Post Office's revenue would have catastrophic effects.

That calls into question the logic of allocating £1.34 billion of taxpayers' money to subsidising and refurbishing post offices, when we could find the business stream that guarantees them a third of their business being taken away. There has been no guarantee that it will stay. Where is the logic in putting taxpayers' money into the Post Office while doing nothing to secure a third of its revenue? Using taxpayers' money to refurbish post offices while doing nothing to secure Royal Mail business is like respraying a car before pushing it over the cliff.

The Minister has tried to tell us that he cannot do anything about securing an inter-business agreement between a privatised Royal Mail and the Post Office. He is standing back, wringing his hands and saying, "Oh, I'm so terribly sorry, there's nothing I can do." It sounds very much like Pontius Pilate. What advice has he taken? What options has he explored? Does he expect that a privatised Royal Mail would honour the current inter-business agreement? Depending on the time scale of his proposed sell-off of the Royal Mail, that could mean honouring just the last couple of years of the existing agreement.

Lorely Burt: My understanding is that the inter-business agreement will come into place before any agreement is signed between Royal Mail and whoever takes over.

Nia Griffith: As I understand it, there is an existing IBA. The question is: what is the timetable for the privatisation of the Royal Mail? How much of the existing IBA will be left? If we are arguing that an existing IBA can be carried over, surely an existing IBA of a different length could also be carried over. Although we currently have one that is worth probably a couple of years at most, by the time the privatisation procedure has gone through, there could be a new and different IBA. Indeed, there could be a 10-year IBA. We have already heard from the Minister that it is possible to have all sorts of businesses entering into agreements. We know that there are 10-year rail franchises, for example. There are all sorts of different takeover bids—when companies take over other companies, they have all sorts of contractors working for them—so there can clearly also be a takeover of an inter-business agreement. We are asking the Minister for a guarantee that it will be a 10-year agreement. What we are asking for is not rocket science; it is something that I am sure he will want to do. Indeed, if we can be persuasive enough, I am sure that he might even consider it, but we shall see.

If that can be done and a privatised Royal Mail can be expected to honour the existing agreement, what has the Minister done to explore the option of putting in

[Nia Griffith]

place a longer-lasting inter-business agreement, such as a 10-year agreement? Perhaps he will be able to tell us later what he has done. What will he do to put that in place before privatising the Royal Mail? Has he looked at examples of business takeovers where the buyer has taken over the existing commitments of the company that it has acquired? Simply telling the Committee and now the House that it cannot be done, without even exploring the options, suggests a fundamental unwillingness to take every possible step to secure the future of the post office network.

The Minister seems to think that it would be good enough to rely on the good will of those concerned. Indeed, he tried to assure the Committee by saying:

"I refer the Committee to what the chief executive of Royal Mail, Moya Greene, and Donald Brydon, the chairman, said. Moya Greene said it was unthinkable that there would not be a long-term relationship between Royal Mail and Post Office Ltd. Donald Brydon said that he wanted to have the longest possible legally permissible agreement". [*Official Report, Postal Services Public Bill Committee*, 11 November 2010; c. 121-22, Q244.]

However, what has the Minister done to turn that good will into practical action? Has he had talks with the chief executive and chairman of Royal Mail about securing a longer inter-business agreement between Royal Mail and Post Office Ltd before privatisation? What mechanisms has he explored for doing that? It also has to be said that Moya Greene may not be there for ever. What happens if we have a new chief executive or chairman? I have every belief in the sincerity of their words, but we all know that words are not enough. What we need in business are agreements in writing, so that we know what we are talking about.

The Minister also said that consideration had not been given to the matter before. No, it has not, quite simply because when we were in government, we always intended to keep Royal Mail in majority public ownership, so it would not have been separated from the post office network in the way that it will be if the Government privatise it. Therefore, there was simply no need to consider the future of the IBA in that way.

The National Federation of SubPostmasters is clear that it needs a 10-year IBA as an absolute minimum. That will be fundamental to providing security, so that business will be viable for the 97% of post offices that are owned by a sub-postmaster or sub-postmistress. They are the people who have taken on post offices, investing considerable amounts of their own money to set them up at a time when the inter-business agreement between Royal Mail and Post Office Ltd was taken for granted. They would never have dreamt that post offices could face losing Royal Mail business and, with it, the money that accounts for a third of their revenue.

Sub-postmasters and sub-postmistresses will have welcomed the Government announcement to continue the subsidy of the post office network. Indeed, they may be hoping to benefit from some of the money that is being put aside for the refurbishment of post offices. However, they will also be scrutinising the BIS document "Securing the Future of the Post Office in the Digital Age" to see whether they can find anything that guarantees more Government business to post offices, when we have PayPoint challenging the Post Office for the Department for Work and Pensions contract for benefit checks. Sub-postmasters and sub-postmistresses will also be looking carefully to see whether there are any strategies for channelling new types of business through the Post Office, now that the Government have abandoned Labour's plans for a people's bank at the Post Office—yet another Lib-Dem manifesto promise broken.

Most of all, however, sub-postmasters and sub-postmistresses will be worried about the future of the IBA, because they know how much the future viability of their business depends on their continuing to provide services for Royal Mail. Indeed, the IBA covers more than just the counter services. As the hon. Member for Northampton South (Mr Binley) pointed out, it deals with sorting facilities in shared premises in some areas. Specific guarantees that business with the Royal Mail will continue are wanted. If someone has invested considerable amounts of money in a business that included Royal Mail services, they would be concerned about whether they could sell their business as a going concern when they decided to retire or move on. They would be very worried about the price they might get if there were no IBA with the Royal Mail, and there would be a real problem in attracting new entrants.

Even without considering the potential loss of the IBA, the Rural Shops Alliance, in the winter edition of its journal *Rural Retailer*, expresses this view of Government plans to convert post offices to the Post Office local model:

"The logic of this is obvious, but it will involve a reduction in product ranges, longer PO opening hours and a reduction in income—not a model that will encourage subpostmasters to remain as part of the network. It is great that the Government is promising a no closure programme—it cannot however promise that it will be financially worthwhile for anybody to provide PO services."

That is the case even without considering the catastrophic effect that the loss of the IBA would have on the prospects of post offices and the chances of attracting new entrants.

George Thomson of the National Federation of SubPostmasters told us that there are currently 900 vacancies where Post Office Ltd is struggling to find someone to take on a local post office. It is no good dismissing this as just the regular turnover. I know for a fact from my own constituency—I am sure that other hon. Members do, too—just how long some of those vacancies have been there and how depressing it is for those local communities without their post offices, with some pensioners having to face very awkward and time-consuming bus journeys to access their pensions.

With the prospect that the Post Office could lose the IBA, how on earth is Post Office Ltd going to attract new entrants? Why would anybody want to undertake the not inconsiderable task of establishing themselves as a sub-postmaster, with all the training and investment involved, with the prospect of the Post Office losing the IBA hanging over them?

Consumer Focus has also raised concerns about the impact of the loss of the IBA. It said in written evidence to the Public Bill Committee that

"following privatisation of Royal Mail, subsequent contracts would require a competitive tender process with no guarantee that Post Office Ltd would retain this contract".

It continued by pointing out that

"for the foreseeable future, the loss of the mail's contract, even on a partial basis, would significantly undermine the integrity of the post office network. Even if the Royal Mail continued to use the

PO in rural areas only, the ability of the network to cross-subsidise from its profitable urban branches would be lost. The future of many post offices, particularly the 6,515 post offices in rural areas, would therefore be in doubt. This would not only threaten access to mail services, but also to the range of services of economic and social interest available through the PO network."

That is the viewpoint of Consumer Focus, and I am sure we would all agree that it should be listened to.

Many hon. Members have made some good and useful points today. My hon. Friends the Members for Linlithgow and East Falkirk (Michael Connarty) and for Blaydon (Mr Anderson), who both have an excellent track record in standing up for post offices, each made a vigorous and impassioned defence of the post office network.

The hon. Member for Northampton South mentioned the importance of the social role of the Post Office—how people get help from it and how community networking and social work take place. He also mentioned that it is not only older citizens, but young mums who can benefit from the community and help that can be found through the post office. The hon. Gentleman said, "Woe betide any elected Member who ignores the importance of the local post office to the fabric of the community." He also mentioned the role of the additional 900 post offices that act as mail sorting areas and the problem of post office vacancies and the difficulty of finding new entrants to take on post offices.

My hon. Friend the Member for Edinburgh South (Ian Murray) reminded us that there are other countries where the Post Office is protected in law. The hon. Member for Solihull (Lorely Burt) raised the issue of the need for regulatory reform—something on which we would all agree. The hon. Member for Angus (Mr Weir) said that everything simply cannot be left to warm words. He pointed out that we simply do not know how long the current managers will remain in their posts. He also drew attention to the staggering range of products and services that are now available through supermarkets, which would not have been dreamt of only a few years ago.

4.30 pm

The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso), supporting his hon. Friend the Member for Colchester (Bob Russell), explained very clearly why he considered it necessary for the Bill to provide for a guaranteed IBA. He cited many examples of agreements, including non-compete clauses, which it was not impossible to provide and to carry over.

My hon. Friend the Member for Islwyn (Chris Evans) emphasised the importance of post offices to the community, and the extra mile that so many sub-postmasters and sub-postmistresses are prepared to go to help to look after members of their own communities. My hon. Friend the Member for Glasgow East (Margaret Curran) spoke of the hardship that would be caused by mass closures of post offices in deprived urban areas. The hon. Member for Foyle (Mark Durkan) challenged the idea that it was "unthinkable" that Royal Mail would abandon the Post Office. He said that, far from being unthinkable, it was quite predictable, and that it was all about pleasing potential purchasers.

My hon. Friend the Member for Glasgow South West (Mr Davidson), the Chair of the Scottish Affairs Committee, reminded us of the recommendation in his Committee's report that the Government should take a more proactive approach to facilitating a long and robust IBA by removing any obstacles—practical, legal or otherwise—that might exist. My hon. Friend the Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) made a comparison with the 10-year rail franchises. The hon. Member for Folkestone and Hythe (Damian Collins) stressed the unique reach of the post office network, as well as the importance of the certainty represented by the IBA.

Last but not least, let me refer to the hon. Member for Colchester, who tabled the new clause and who spoke so eloquently in moving it. I take issue with him on only one point: I think that he needs to challenge his own Government about what additional Government business they intend to put through the post offices. We have seen fine words in the document produced recently by the Department for Business, Innovation and Skills entitled "Securing the Post Office network in the digital age", and we have also seen a copy of the letter sent by the sub-postmasters to the Department for Work and Pensions. However, we have not heard about any additional business so far, and I think that the hon. Gentleman would do well to pursue that. Nevertheless, I thank him for tabling the new clause, which we shall be pleased to support.

Many Members have presented compelling arguments for the inclusion of a guarantee of an inter-business agreement between Post Office Ltd and Royal Mail for at least 10 years. They have pointed out to the Minister that the obstacles are not insurmountable, and that if he has the will to include an IBA in the legislation, he should be able to find a way of doing so. They have said that he really must do that, or he will be remembered as the Minister who refused to take the opportunity to safeguard the post office network, and who left the way open for Royal Mail to abandon it.

We will support the new clause, and I hope very much that the Government will do so as well.

Mr Davey: I thank my hon. Friend the Member for Colchester (Bob Russell) for sparking the debate, and particularly for the way in which he introduced it, in his unique style. I thank him for his practical approach to the issue, and for his support for the mutualisation and employee share ownership provisions. I hope I shall be able to reassure him that new clause 2 is not needed, and that our policies for the Post Office will ensure that some of the more scaremongering predictions that we have heard will not come to fruition.

Members who have spoken in support of the new clause have expressed the fear, which has been debated at length in Committee and in other forums, that taking Post Office Ltd out of the Royal Mail Group of companies will put the commercial relationship between Royal Mail and Post Office Ltd at risk, and thence pose a risk to the post office network. I share my hon. Friend's laudable interest in ensuring that a strong commercial relationship is maintained between Royal Mail and Post Office Ltd. However, the approach taken in this new clause, of legislating a contract of a certain length, is not the way to achieve our shared objective.

In the evidence given to the Public Bill Committee, we heard strong backing for the separation of Royal Mail and Post Office Ltd. These are different businesses, which will benefit from focusing on the different challenges

[Mr Davey]

they face. It is worth keeping in mind that postal services account for only about a third of Post Office total revenue, as post offices undertake many other activities. Evidence to the Committee from Richard Hooper—the last Government commissioned him to report on Royal Mail, and this Government asked him to refresh his report—and from Consumer Focus and Postcomm all supported the separation of ownership of the two businesses. I was grateful for the support for this from my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso).

Let me reassure Members, however, that the separation of Post Office Ltd and Royal Mail will not lead to the dangers for the post office network that people have talked about. Operationally, these companies are reliant on one another. Post offices carried out more than 3 billion transactions for Royal Mail in 2009. They will continue to be partners, because there will remain an overwhelming commercial imperative for the two businesses to work together.

Let me expand on that a little further. In evidence to the Bill Committee, the chief executive of Royal Mail, Moya Greene, called the post office network

"the best and strongest network in the country, by any yardstick" —[*Official Report, Postal Services Public Bill Committee*, 9 November 2010; c. 18, Q42.]

Yesterday, she reaffirmed her commitment to that relationship, saying:

"There is already a very strong and enduring commercial relationship between the Post Office and Royal Mail. It is clearly in the interests of us all that this strong relationship is maintained in the future. We are committed to securing as long an agreement with the Post Office as we are legally able to."

That confirms what Donald Brydon, the Royal Mail chairman, said in his evidence to the Committee. These are very strong pledges, and both Moya Greene and Donald Brydon make them not for sentimental reasons, but because they are business people and they know this relationship makes commercial sense.

Nia Griffith: If this makes such good commercial sense, what is the problem with putting it in the Bill? Royal Mail will still be an attractive proposition to any prospective purchaser.

Mr Davey: I will, of course, address that in detail, if the hon. Lady will let me. However, I first want to stress that it is the commercial incentive in the relationship that is so important. The Labour party forgets that commercial rationale is what makes people work together and what makes partnerships successful, not regulation.

I invite Members to consider the counterfactual of why Royal Mail would end its relationship with the post office network. Many of us fought the previous Government's post office closure programmes precisely because the public value their local post offices so highly and see them as the natural place for high-quality postal services. As I asked on Second Reading, why would Royal Mail walk away from the Post Office, leaving a vacuum which its competitors would willingly fill? That would be commercial nonsense, and it will not do it.

The new clause would put the contract between Royal Mail and Post Office Ltd on a statutory basis, requiring a minimum duration to the contract of 10 years. Let me explain why I am opposed to this suggestion. I do not believe that legislation is appropriate place for the commercially sensitive terms of a relationship between two independent businesses to be settled. I am unaware of any statutory precedent for the Government requiring particular commercial terms between two independent businesses. When we debated this in Committee, I appealed to Committee members to tell me whether they could find such a precedent. None has appeared, and for good reason. These negotiations are best left to the businesses themselves, who know far better than we in this House their customers, the markets they serve, the products and the services they require of one another.

Mr Binley: I noted that the Minister said, "I do not believe," and not, "It is a fact." His not wishing to include this provision in the Bill is a matter of judgment, not a matter of law. May I add something on the idea of there being two independent businesses? In reality, the nation has a sizeable holding in them, so we are not quite talking about two businesses that are quoted on the open market. Would he therefore confirm that there is no legal reason why this arrangement cannot happen, even though it might be breaking new ground?

Mr Davey: I reassure my hon. Friend that I will be coming to this legal point and that I wish to address the remarks made by the hon. Member for Llanelli (Nia Griffith), but I stress that we were not given any statutory precedent for this arrangement. Contractual negotiations between these businesses will involve a complex interaction of many different factors, such as pricing, volumes, service levels and duration. If we adopted the new clause, there is a real danger that we could end up with an IBA that would damage the post office network. That has not been discussed at length and we should concern ourselves with it. The new clause focuses on the duration of the contract and, thus, would simply not achieve our shared objective of ensuring the strongest possible commercial relationship between Post Office Ltd and Royal Mail. The experts—the businesses and their advisers—should negotiate and agree the commercial relationship between the two businesses for the long term, rather than us here in Parliament.

On the key issue, Donald Brydon made it clear in his evidence to the Public Bill Committee that Post Office Ltd and Royal Mail would sign an agreement for the longest legally permissible period before a future separation. As shareholder, the Government will ensure that that commitment is met before any separation. I hope that the House will welcome this new commitment; we are making it very clear that we will ensure that Royal Mail delivers on the commitment that it has given, repeated and outlined to the Committee.

Mr Binley: May I press the Minister further? Will he now confirm that there is no legal or statutory reason why the new clause cannot be included in the Bill?

Mr Davey: I was coming to that, so I am delighted that my hon. Friend intervened just then. There is a legal barrier—

Mr Anderson: Will the Minister give way?

Mr Davey: Let me just finish the point, because there is a legal barrier. This also addresses the point made by the hon. Member for Blaydon (Mr Anderson), who asked whether the European Union was involved in

creating problems for legislating in the way proposed in the new clause. The legal barrier to legislation requiring an IBA is the EU's competition framework. Legislation providing an exclusive arrangement between Royal Mail and Post Office Ltd would face a significant risk of legal challenge as being incompatible with competition law. Article 101 of the treaty on the functioning of the European Union contains rules prohibiting anti-competitive agreements between undertakings. Article 4(3) of the treaty on European Union obliges member states not to jeopardise the attainments of the objectives of the treaty. The effect of those provisions, together with article 102 of the treaty on the functioning of the European Union, is that member states cannot introduce measures that would render the competition rules ineffective—that is clear. In addition, legislating for Post Office Ltd to have a guaranteed income stream would risk a successful state aid challenge being mounted. There are real barriers to doing what new clause 2 seeks to do.

However, I can assure the House, as I have done previously, that we, as shareholders, will ensure that the commitment that Royal Mail made in its evidence to the Public Bill Committee—that it would conclude the longest legally permissible contract before separation—is fulfilled.

Mr Weir: I understand that after the Bill is passed, if that indeed happens, one company—and only one—that has a statutory universal service obligation will be entering into a contract with Post Office Ltd. I fail to see where the competition problem lies, because nobody else is offering a universal service obligation to challenge that.

4.45 pm

Mr Davey: Let us be clear that the commitment that Royal Mail has made is that the refreshed or new IBA would be entered into before separation. We, and the EU legislation that I mentioned, say that there is a problem if the Government legislate for such a long contractual arrangement. The hon. Gentleman is not paying attention to the constraint on the Government.

Malcolm Wicks (Croydon North) (Lab): Let us put to one side the earlier amusing moment when a radical said that he needed a precedent before acting—fortunately, that did not stop Lloyd George in 1906 with old-age pensions. The Minister has read the careful legal advice from departmental lawyers. Are they saying that it would be difficult to accept the new clause, or have they ruled it out entirely as clearly illegal? Will he tell us what the advice is?

Mr Davey: I have made it very clear that it would be open to serious legal challenge and I believe that we must take that into consideration. Let us remember that this agreement is not negotiated by the Government, as some hon. Members seem to think. It is negotiated by two independent bodies. The right hon. Gentleman, as a former Minister, ought to realise that for a Government to intervene in negotiations that involve commercially sensitive terms and to follow that by putting it in the Bill is completely the wrong way of going about things.

Malcolm Wicks: As a former Minister in the Minister's Department, although not one with responsibility for this area, I can recall many occasions on which one was given legal advice and difficulties were presented. Unless a provision is 100% ruled out as clearly illegal, Governments must govern, at the end of the day, and Ministers must act in the interests of the democracy.

Mr Davey: This Government are governing. It was the previous Government who moved away from taking action on Royal Mail, who closed post offices and who did not take action. The right hon. Gentleman is absolutely right that we must make judgments, and we are making judgments. I can tell him the judgment that we will not make: the judgment that the previous Government made, which was that the way to sort out the post office network was to close thousands of post offices. We will not do that. The Government can and will help to create the conditions in which both businesses can flourish in partnership with one another.

One thing is certain. A struggling Royal Mail will lead to problems for the Post Office. The Bill introduces the ability to bring in much needed private capital for Royal Mail to invest in its transformation, so that it can offer the best service to its customers. It is important, too, that the Post Office continues to offer the best possible service to Royal Mail as well as to other current and potential clients. I am sure that hon. Members are well aware following the debate that we have committed funding of £1.34 billion, so that Post Office Ltd can invest in its network to ensure that that happens. For example, Post Office—

Mr Binley: Will my hon. Friend give way?

Mr Davey: In a second.

Mr Binley: We are moving on; will he give way?

Mr Davey: No, not yet.

For example, Post Office Ltd is piloting branches that offer greater flexibility and convenience in customer services, such as longer opening hours. The Committee heard evidence from Paula Vennells, the Post Office's managing director, that those branches offer customers opening hours that are between 40% and 60% longer than current opening hours. That is the real change that the post office network needs. That is the change that will attract more customers and will mean that we do not repeat the appalling closure programmes that we saw under the previous Government.

Mr Binley: I want to pin the Minister down, because it is vital that we do. He said that there was a "significant risk" that we might be challenged by the European Courts on competition matters. Yet the two organisations have agreed that it is vital that they have an agreement. How can the EU challenge the Government on that matter when there is an open statement to the effect that it is what is needed and what is good?

Mr Davey: Let me take my hon. Friend back to the point I was making about articles 101, 4(3) and 102. The point I was making was not that the two businesses cannot have an IBA. That is clear—they have one now, and they have committed to refreshing it or to creating a new one. I gave the commitment to the House today that we, as shareholder, will ensure that that happens before there is a separation. I hope that my hon. Friend will welcome that. The risk is about legislation and I hope he understands that point.

Sir Alan Beith: The more I read the new clause, the objective of which I fully support, the more concerned I am that if it were in the Bill the Minister would be open to judicial review from an aggrieved party who made an unsuccessful bid to buy Royal Mail and wanted to judicially review the Minister's unreasonableness in going ahead with a sale on the basis of an agreement between Royal Mail and the Post Office.

Mr Davey: My right hon. Friend is absolutely right. Let us be absolutely clear: the problem with Royal Mail has been the inaction, particularly from the previous Government, that has led to its parlous state. We do not want to create significant risks of legal challenge that would undermine the modernisation and investment process that Royal Mail needs to deliver on the universal postal service and that we need to ensure that the post office network does not have to face the closure programmes we saw under the previous Government.

Mr Davidson: Could we possibly agree, first, that the EU is a bad thing? Secondly, is the Minister telling us that he does not wish to have the new clause in the Bill in case the EU steps in, while also promising us that he is going to do all this anyway?

Mr Davey: The commitment that I have given today is what the hon. Gentleman and his Select Committee were seeking. That is what I understood from his very well-informed remarks earlier. Now that he has intervened, let me tell him that his point about mobile vans is dealt with in Government amendment 5, which I hope we will get to. There are currently 39 such vans serving 240 communities, and Post Office Ltd has no plans to increase its fleet of vans. I hope that gives him some reassurance on his very detailed point.

Anas Sarwar (Glasgow Central) (Lab): Following on from the hon. Member for Northampton South (Mr Binley) in wanting to pin you down—the Minister that is, not you, Mr Evans—if the legal advice from civil servants is so clear, will the Minister publish it?

Mr Davey: The hon. Gentleman is a new Member of the House and he might know that there are various protocols on publishing legal advice.

Our policies on post offices will ensure that people will continue to see their local post office as the natural and convenient place to access Royal Mail products, and Royal Mail's management continues to see the Post Office as its retail partner of choice. It is by attracting customers for all types of services that the Post Office will ensure its future success. With this Government's funding and support, as laid out in our policy document, which sets out a whole range of ideas for new Government services, we will be able to achieve those objectives.

The new clause tabled by my hon. Friend the Member for Colchester is well intentioned and I have always been impressed by how he, the voice of Colchester, campaigns for his constituents, not least for important services such as local post offices. I hope that I have reassured him that his new clause is not needed to support our precious post office network.

Nia Griffith: It still is not at all clear what the Minister is giving away. We have absolutely no idea what agreement he is planning and he has given absolutely no indication that he has had any talks with Royal Mail. He is talking about some sort of negotiation that might take place, but he is not telling us why he cannot explain what the legal problem is. We are not the slightest bit convinced, so will he explain exactly what he is doing to secure the Royal Mail business that provides a third of the post office network's income? No organisation can survive without a third of its income, so what is he doing to ensure that it does not lose it?

Mr Davey: The hon. Lady cannot have been listening. What I have said today is absolutely clear: a commitment has been made to the Committee on which she served by the chairman and the chief executive of Royal Mail that they will refresh the IBA or have a new one before the separation. I am saying that the Government, as the shareholder, will make that happen, and she ought to welcome that.

Sarah Newton: I am very much reassured by the clear commitment we have heard today that it is the Government's intention to support the post office network. To convince our colleagues on the Opposition Benches, would the Minister be kind enough to share with us the conversations he has held with the chief executive about what she thinks is the longest legally possible period for the new agreement?

Mr Davey: I think I should definitely be advised to share neither those private conversations nor the legal advice that may or may not have been given to Moya Greene and that she may or may not have shared with me.

The wider policies of the Government for the post office network will prevent major closure programmes. We have heard no apology today for all the closures of post offices under the previous Government. We saw 7,000 post offices close under the Labour Government. This Government have policies to make sure that that will not happen again, and I urge my hon. Friend the Member for Colchester to withdraw the new clause.

Bob Russell: When we read *Hansard* tomorrow, we shall see that there was at least one commitment—if not more—in the Minister's response. Whatever the outcome of the vote, the fact that we have held the debate is worth while.

To be told four hours into the debate that my new clause may not be lawful was a little strong. I am pretty sure that, if the proposal were not lawful, somebody, somewhere, would have drawn it to my attention, if not when I tabled it, certainly in the few weeks since the Christmas and new year period. When I am told that there could be a serious legal challenge, all I can say is that nobody has challenged me as to the legality or otherwise of new clause 2.

Although I am grateful for all the contributions to the debate, I am disappointed. Had this been a boxing tournament, the ref would have ended the bout at least two hours ago. If this were an Oxford Union debate, the vote in favour of new clause 2 would have been overwhelming, because the case against the new clause is not very strong. It may be that all the Members who oppose new clause 2 are not present, and only the minority who support it have come to the Chamber to speak, but I am grateful to Members on both sides of

the House. I think that we all agree that our sub-post office network is a vital part of our communities. Whether it is sustainable communities or localism, all Governments come up with such ideas and then promptly do things that do not appear to be community oriented.

It is on record that I am opposed to the privatisation of Royal Mail, but I accept that it will happen, so this is a question of what is best. I genuinely feel that new clause 2 is a way of taking things forward.

It is less than nine months since the utopian era of 13 years of new Labour came to an end; of course, it was a golden era for Royal Mail and the Post Office, so although I welcome the support that has been given we need to put it in historical context. The closures under the previous Government were the greatest of any time in the history of the Post Office and Royal Mail. I believe that the coalition Government have proposals—

Nia Griffith: Will the hon. Gentleman give way?

Bob Russell: By all means, if the hon. Lady wants to apologise.

Nia Griffith: The hon. Gentleman needs to remember that when we debated how to support the post office network and how to put in the extra subsidy that enabled us to keep open 11,900 post offices, the Minister of State, Department for International Development, who was then the shadow Minister speaking for the official Opposition, made it absolutely clear that the Conservative party would not have put in the amount of money that we were prepared to put in. Of course, the Liberal Democrats were not then promising anything because they never thought that they would have to deliver.

Bob Russell: I provided the hon. Lady with an opportunity to apologise for Labour's mistakes, but an apology was not forthcoming.

I am disappointed that the Minister has not accepted new clause 2. After all, over Christmas, the Government accepted another of my proposals—that a picture of the Queen's head must remain on stamps—although if we reach that amendment later on, it refers only to Her Majesty, and we need to tighten up the wording because the monarch may not always be female. I wish to press new clause 2 to a Division.

Question put, That the clause be read a Second time.

The House divided: Ayes 250, Noes 308.

Division No. 163] **[5 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Binley, Mr Brian
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creasy, Dr Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Hain, rh Mr Peter
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hepburn, Mr Stephen
Hermon, Lady
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hollobone, Mr Philip
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meale, Mr Alan
Mearns, Ian
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*

Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Riordan, Mrs Linda
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Thurso, John
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Vickers, Martin
Walley, Joan
Watson, Mr Tom
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Wright, David

Tellers for the Ayes:
Bob Russell and Mr Mike Weir

NOES

Adams, Nigel
Afriyie, Adam
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Holloway, Mr Adam
Hopkins, Kris
Howell, John
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne

Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Paterson, rh Mr Owen
Pawsey, Mark
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pincher, Christopher
Poulter, Dr Daniel
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Norman Lamb and Jeremy Wright

Question accordingly negatived.

New Clause 4

RESTRICTION ON UNIVERSAL SERVICE PROVIDER DISPOSALS

'Any company providing a universal postal service must, prior to selling any part of its business to another entity, first report its intention to Ofcom who must certify the sale does not in any way reduce the company's ability to deliver its universal service.'—*(Mr Weir.)*

Brought up, and read the First time.

Mr Weir: I beg to move, That the clause be read a Second time.

Mr Deputy Speaker (Mr Nigel Evans): With this it will be convenient to discuss the following:

Amendment 11, page 15, line 17, clause 28, at end add—

'(c) the needs of small business users in rural and remote areas'.

Amendment 12, page 16, line 16, clause 30, leave out 'Friday' and insert 'Saturday'.

Amendment 13, page 16, line 28, leave out 'Friday' and insert 'Saturday'.

Amendment 14, page 18, line 17, leave out paragraph (b).

Amendment 23, line 25, after second 'time', insert

'but not before the date five years after this Part comes into force'.

Amendment 24, line 33, clause 33, after 'time', insert

'but not before the date five years after this Part comes into force'.

Amendment 25, line 36, clause 33, leave out

'may by order amend section 30'

and insert

'shall as soon as reasonably practicable after the review of minimum requirements of the Universal Postal Service under subsection (1) has been carried out lay before Parliament a report which shall include a copy of the review.'.

Amendment 26, line 37, clause 33, leave out subsections (6) and (7).

Amendment 29, page 21, line 40, clause 37, after 'unless', insert

'it has been commercially negotiated and'.

Amendment 30, page 22, line 1, leave out lines 1 to 18.

5.15 pm

Mr Weir: New clause 4 and amendments 11 and 14, standing in my name, relate to concerns about the universal service obligation. My concern throughout the Bill's passage has been that there are insufficient safeguards to ensure that, in the event of the Royal Mail's privatisation, the universal service obligation, which is so important to my constituents, is maintained.

Throughout Committee, the Minister insisted that the purpose behind the Bill was to secure the universal service obligation, but I made the point on several occasions, as I did earlier today, that far too much has been left to trust and hope—a point, indeed, that was made in our previous debate this afternoon. In many other areas, the Government are very fond of triple locks, yet on something as important as the universal service obligation, they have not put sufficient safeguards in place.

The new clause is an attempt—perhaps not a triple lock, but at least a lock—to provide some assurance that a privatised company will maintain the universal obligation and not seek to get around its provisions. In the event of privatisation, the privatised company will be given the obligation to provide the universal service, but it concerns me greatly that our only sanction to ensure that it does so is through the regulator, Ofcom. There is nothing specific in the Bill to prevent, for example, a privatised company from hiving off the

[Mr Weir]

profitable parts of the organisation, although if recent press reports are true perhaps the European Commission will have done so before the company reaches privatisation. That could leave only a shell company obliged to provide the universal service.

What would happen if the privatised company went to the Government, saying that it could no longer afford to run the service and seeking either a public subsidy or to abandon the service? We would be thrown back on the regulator alone or have to utilise the compensation fund that we debated at some length in Committee, with the other operators having to contribute and the consumer, as the Minister confirmed, perhaps having to pay substantially higher costs for the service.

I am sure that the Minister, in his usual inimitable fashion, will say that my argument is a flight of fancy, but in recent years we have seen how many large companies operate, moving, for instance, their head offices to avoid UK corporation tax, the latest example being Cadbury, after its takeover by Kraft, which is reportedly moving its head office to Switzerland. UK Uncut has staged demonstrations throughout the UK against other companies, as diverse as Vodafone and Topshop, which seem to have indulged in practices to avoid taxation.

The universal service obligation is far too important to be left to the good will of a privatised mail carrier. Far too much stock has been placed on the name and reputation of Royal Mail, but the situation after privatisation will be far different. The organisation will no longer be a state monopoly but a private company—albeit one that, admittedly under the Bill, has a high social obligation. In my experience, and as our bankers have eloquently shown in recent weeks, however, there is very little sentimentality in big business.

I raised the matter during the Committee's eighth sitting, when I asked the Minister whether there was anything in the Bill to prevent asset stripping. He said:

"The hon. Gentleman has anticipated where I was going, because a number of protections in the Bill will give reassurance to hon. Members who are worried about that. For example, under clause 35, Ofcom has the power to impose designated USP conditions akin to condition 16 of Royal Mail's existing licence. Condition 16 does not allow Royal Mail to pursue things, such as an asset disposal or dividend payment, if doing so would create 'any significant risk that the necessary resources will not be available' to enable it to continue its business."—[*Official Report, Postal Services Public Bill Committee*, 18 November 2010; c. 289.]

The Minister went on to explain that Ofcom can impose that condition, and that Royal Mail could face a very large fine for breaches of its regulatory obligations.

I am not particularly reassured, and I tabled the new clause because it seems that Ofcom has the power to react only once something has happened, when it is far too late to do very much about it. Condition 16 does not give any real protection because a gradual sell-off of assets would not necessarily mean that Royal Mail was unable to continue in business, although it might undermine its ability to continue parts of its business, which is completely different.

Mr Davey: The hon. Gentleman will know from the debate in Committee that there is the potential for Ofcom to impose a fine on the universal service provider of up to 10% of its turnover. At the moment, that would be a fine of £650 million. Does he not think that that is a disincentive?

Mr Weir: The Minister is forgetting my point. If a privatised operator has got rid of many of the profitable parts to simply leave a shell, what is £650 million to a company that effectively does not exist other than as a nameplate? That could happen. This new clause is designed to stop such things happening.

Tony Lloyd: As the hon. Gentleman is helping the House, will he help me by saying whether there is a duty on Ofcom to insist on the universal service provision? If not, it makes no real difference whether there is the capacity to levy a fine or not.

Mr Weir: There is a duty on Ofcom to ensure the universal service. However, as I was trying to explain, the problem is that Ofcom's only sanction is to act after something has happened. If the conditions have been breached, Ofcom can take action—it can fine the company a very substantial amount or it can impose other conditions. That is very much a reactive rather than a proactive sanction. If there is nothing there to fine or there is nothing left, it makes no difference whether the fine is £650 million or £20 trillion.

Tony Lloyd: What the hon. Gentleman is confirming is that there is, in fact, no duty on Ofcom other than a retrospective duty. That is not a duty, is it?

Mr Weir: Indeed. I would put it a different way. There is no effective sanction available to Ofcom to deal with something after it has happened to the detriment of the USO. It is only able to impose conditions or a fine, and fining a shell company is no good. Ofcom cannot prevent the sale; it can react only if what is happening turns out to undermine the ability to provide the USO. As I said, if the company has already sold off all its profitable parts leaving only a shell, what is the point of a large fine that it is not in a position to pay?

The Bill must provide the power to allow Ofcom to take action before a sale is proceeded with and to ensure that the privatised company cannot dispose of all profitable assets to avoid the duty of the USO. I am sure that the Minister will say that that is a burdensome hurdle, but it is not. It is not the first sale that would be required to clear a regulatory hurdle before going ahead—indeed, many deals are done subject to regulatory approval. I am sure that the Secretary of State for Business, Innovation and Skills is only too well aware that the BSkyB case had to go to the European Commission to determine whether it would be blocked at that level before the remaining shares could be put forward.

If the new clause was passed, Ofcom could look at the proposal and ensure that the assets of the company remained sufficient to meet the needs of its social obligation. In most cases, that would be a relatively quick process. However, it would give the reassurance that once there is a privatisation—if that disaster should happen—there would at least be something in place to ensure that the universal service continues in all circumstances. I ask hon. Members to support the new clause to give that extra protection.

Time is short, but I would like to mention briefly the other amendments in my name. Amendment 11 would add to the Bill a reference to

"the needs of small business users in rural and remote areas"

and make it a specific matter to which Ofcom must give concern in considering the USO. The reason is simple. We need to ensure that the universal service obligation is secured for small businesses in rural areas if we are to have any chance of creating new employment opportunities in our rural communities. On Second Reading, Scottish National party Members tabled an amendment supported by Plaid Cymru and all the parties of Northern Ireland because of our huge concern that the Bill would have profound implications for that ability to continue the USO.

It is vital to bear in mind that not only residential but small business customers rely on Royal Mail. They do not have any real options and cannot access the deals that may be on offer from alternative carriers. In the parcels market, if one can get anyone to deliver to large parts of Scotland at all, it is only at a vastly increased price. Not so long ago, the then management of Royal Mail proposed a zonal pricing structure that would have created different prices for different areas of the United Kingdom. In the recent spate of bad weather in Scotland, many of the alternative carriers simply gave up, and several publicly stated that they would not attempt deliveries in Scotland at all.

Throughout this time, Royal Mail did its best to ensure that the mail got through, with postal workers struggling in very difficult conditions to ensure that the mail was delivered. Although there were delays and although, for obvious reasons, some areas could not get mail, most of the mail got through. We should congratulate Royal Mail and its workers on doing that. It shows the difference between a dedicated public company service and the privatised services that operate elsewhere. Amendment 11, allied with the others in the group, is simply an attempt to ensure that if the disaster of privatisation befalls Royal Mail, as much as possible is done to ensure that the USO is watertight and that the interests of all users are adequately protected.

Amendments 12 and 13 are linked, in that the purpose of both is to ensure that the universal service obligation for postal packets is a six-day service.

Mr Reid: The hon. Gentleman has a point. Although the USO for parcels is currently only five days, and the Bill does not change that, I hope that the Minister will consider increasing the USO to six days for parcels. He has improved the USO in many ways in the Bill, but I ask him to take this away and look at it again, because I am concerned that if we do not have a six-days-a-week USO for parcels, Saturday parcel deliveries in the highlands and islands will end.

Mr Weir: The hon. Gentleman is perfectly right. I hope that he will follow up that strong support for the proposal by coming through the Lobby and voting for it in order to send an additional message to his Minister.

As the Bill stands, we have a six-day service for letters but only a five-day service for postal packets. I am at a complete loss as to the logic behind the differences between the two. One thing that came through loud and clear from Richard Hooper's report, on which the Government have relied, is that the market for letters is declining substantially. The bulk of private letters are now being sent around Christmas, and they will mostly be Christmas cards. I suspect that I am not the only one who has noticed that the rise of the e-card is biting even into this market, with fewer cards being sent through the post, or perhaps it is just that I have fewer friends this year—I do not know. In any event, the one area where there is real scope for building the business is what we are now told we should call e-fulfilment—in effect, the delivery of orders made over the internet. This is a two-way process. In my constituency, for example, there are businesses in rural areas who sell over the internet and send out packages on a regular basis. They rely on the universal service obligation to ensure that they have access to the postal service at a reasonable cost and that allows them to operate at a reasonable cost.

Interestingly, in research on the business market carried out by Postcomm, more than half the businesses surveyed were of the opinion that they will use the internet more in future, but the vast majority—93%—believe that they will always need to send some things by post. Half of businesses expect more customers to order products online in future, indicating a belief that the market will grow further. Digging down into the figures, it appears that of those who spend between £100 and £500 a month on mail—basically small businesses—72% have either stayed at the same level of usage of Royal Mail or have increased it in the past year.

That is the one growth area within Royal Mail, and not having the universal service obligation cover it in the same way as in the letters market does not appear to make any great sense. Again, I point out that if we are to grow private businesses in rural areas, we need to have the infrastructure to allow them to flourish, and that includes a reliable six-days-a-week postal service.

Mr Reid: I am grateful to the hon. Gentleman for giving way again. I reinforce my earlier point that I am concerned that if the USO for parcels is not extended to six days a week, parcels will not be delivered in the highlands and islands on Saturdays. As he said, the delivery of parcels in response to internet selling is such an important growth area that the highlands and islands would miss out if parcels were not delivered on Saturdays.

5.30 pm

Mr Weir: I reiterate that the hon. Gentleman may have a chance to vote for that later and to help the Minister make up his mind.

Goods not only go out by post, but are received by post. Raw materials may come in by post. For many constituents, no one is at home during the day from Monday to Friday. I am sure that such people would like packages to be delivered on a Saturday, when they actually might be in and would not have to travel to collect them at the nearest sorting office, wherever that may be after privatisation. If we are serious about increasing business and ensuring that every area of the country has access to a reliable, reasonably priced postal service, it would be daft to exclude from the universal service the one area that has potential for substantial growth.

Finally, amendment 14 would remove Ofcom's ability to use geographical criteria to suspend the universal service. That has long been a contentious issue, even

[Mr Weir]

under the current framework. Households that are difficult to reach can have delivery suspended. The condition in the Bill is far too wide and could result in whole isolated mainland or remote island communities being removed from the universal service. That would be a travesty and lead to a huge increase in costs for such communities. There may always be some individual dwellings where the mail simply cannot be delivered, but those should be looked at on an individual level.

I urge all hon. Members to support the proposals, which all attempt to strengthen the USO and to recognise that the highest priority for the Royal Mail, whether it continues as a publicly owned company, as I hope, or becomes a privatised company, is to deliver to all our citizens.

Mr Reid: As I said in my interventions on the hon. Member for Angus (Mr Weir), I hope that the Minister takes away the proposal in amendments 12 and 13 to extend the universal service obligation for parcels to six days a week. As I said, I am concerned that parcels will not be delivered on Saturdays in the highlands and islands without such an extension. Apart from that one remaining concern, I think that the Minister has done a great job in the Bill to strengthen the USO in many ways, which is so important for the highlands and islands.

Amendment 14 deals with the hon. Gentleman's concern that the geographical exceptions clause will be used to remove large parts of the highlands and islands from the universal service obligation. I do not share that concern. The wording is the same as that in the Postal Services Act 2000. The regulator, Postcomm, has used that exception only in a small number of cases, such as for islands that do not have a daily ferry service. Obviously, it would be nonsense for Royal Mail to charter a boat to an island to which Caledonian MacBrayne does not have a daily ferry service. The solution is for Caledonian MacBrayne to improve the service so that islands such as Tiree, Coll and Colonsay have a daily ferry service, but it is not for Royal Mail to charter special boats. Postcomm has also introduced exceptions on health and safety grounds, such as dangerous dogs. Under amendment 14, Royal Mail would have to deliver to houses with a dangerous path or animal. The wording in the Bill, which is taken from the 2000 Act, is satisfactory. I questioned Postcomm and Ofcom in the Scottish Affairs Committee and Ofcom gave an assurance that it will maintain Postcomm's regulatory regime for geographical exceptions. Given those assurances, amendment 14 is not necessary.

Gordon Banks: I wish to speak to amendments 23 to 26, which we have tabled. Amendments 23 and 24 are similar to those tabled in Committee and are intended to ensure that no review of the universal service obligation can take place for at least five years after clause 33 is enacted. I note that the hon. Member for Northampton South (Mr Binley) tabled a similar amendment that was not selected, and I commend him for doing so. I trust that he will be able to support us in our aspirations tonight.

The minimum service requirements laid out in clause 30 are exactly the same as those set out in the Postal Services Act 2000. However, as my hon. Friend the Member for Llanelli (Nia Griffith) said in Committee, clause 33 will allow them to be eroded. The Bill sets in train a range of processes to reduce the universal service obligation, and I imagine that many Members fear that we cannot even be sure to which Secretary of State the powers in clause 33 will fall. Perhaps it will not be the Secretary of State for Business, Innovation and Skills, and who knows, it may even be the Secretary of State for Culture, Media and Sport. Perhaps, if time allows, the Minister will be able to tell us which Secretary of State will inherit those powers if the Bill is passed, and then I will leave it to my hon. Friends to determine whether that is a good thing.

Mr Reid: I point out to the hon. Gentleman that clause 33(7)(a) states that the review of the minimum requirements would be subject to the affirmative procedure, so it would require a vote of both Houses of Parliament. The Secretary of State could not take the decision on his own. Is that not adequate security?

Gordon Banks: No, it is not, and I will come to that if I have time. The Minister will be aware of my office's deliberations with him on parliamentary scrutiny when the Bill was in Committee, and I will deal with that matter if I can.

We believe that it would be better to relieve both potential contenders of the powers to be granted under clause 33(5). At least the current Secretary of State for Business, Innovation and Skills would then know about that change in advance, and it would have been made through the democracy of Parliament and not by the Prime Minister as punishment.

In a letter to the Public Bill Committee, the Minister mentioned the failsafe of clause 29(5), which is relevant to clause 33. However, that failsafe could work only if one had faith in the actions and intentions of the relevant Secretary of State, and we do not.

Restrictions to ensure that there could not be a review before five years had passed would provide important stability to both the business and customers following privatisation. The universal service obligation is of such immense importance that it will need that period to bed down under a new, private provider. I am afraid that throughout the Committee stage, the Minister was unable to convince my hon. Friends and myself why a review should take place after 18 months. We want a statutory period of five years, during which everyone would know that today's universal service obligation was in place. We want the consumer to be protected. As it stands, the inter-business agreement could be subject to review after 18 months, when an Ofcom review of the USO could also be ongoing. That would mean turmoil. As the Minister heard in Committee and from some of my hon. Friends today, we have only his best interests at heart. I am trying to save him from that turmoil, and that caused by the Secretary of State.

The Secretary of State told Members on 27 October last year:

> "The Bill will maintain the universal postal service at its current levels...I have no intention of downgrading this service." [*Official Report*, 27 October 2010; Vol. 517, c. 360-361.]

That does not square with the Bill's contents, and the Secretary of State needs to come clean. If he has no intention of downgrading the service, why does he need a review within 18 months? In fact, the Bill is riddled

with review opportunities. There are three—in clauses 29, 33 and 42. It is obvious that the Secretary of State's actions in promoting the Bill do not live up to his words. Maybe, in line with other matters that he has promoted, he does not really support the Bill anyway.

We would argue that the modernisation programme under way in Royal Mail needs to be completed and bedded down before any review of the USO takes place. It is only a few months since Postcomm and Consumer Focus completed a review of customers' universal service needs, and it is against that backdrop that the Government are proposing the minimum service levels in the Bill. There is therefore no good reason to recommence the review process within 18 months of the Bill being passed.

We do not believe that such a review at this time would be in anyone's interests other than those of the provider, who may want to downgrade the service for a bigger shareholder return. More than anything, we want to protect the interests of the consumer. I believe that, in principle, the amendments have cross-party support. Whereas our appeals to the Minister and his colleagues in Committee fell on deaf ears, I am a little more hopeful today. Indeed, in accepting our amendments 23 and 24 today, the Minister would be committing himself to recognising the value of the current USO, while also alerting potential bidders to his clarity on the matter—after all, we are always told that that is what business wants these days. Our amendments will offer that.

It would be wrong for a business to purchase Royal Mail with the intention—or should we say the hope?—that a quick review by Ofcom and a stroke of the pen by the Secretary of State, or perhaps by some other Secretary of State, would lead to a better deal. Why do we have such fears? It is because we can see how committed the private sector is to the universal service obligation.

The Minister regaled the Committee on more than one occasion with his international understanding of postal services. I would therefore like to refer him to an article in Holland's *De Telegraaf* on 9 June last year, so that he can test his Dutch reading skills, as opposed to his usual double-Dutch Government jargon. In that article, Pieter Kunz—I do hope that I have pronounced that gentleman's name accurately—who is the managing director of TNT's European mail networks, said that his company planned to cut 11,000 employees from its Dutch mail operations and wanted to move to a three-day-a-week delivery service. Mr Kunz went on to say that collection and delivery services would be outsourced, and that TNT would become managers of mail. However, the worrying bit about how the private sector sees the USO in the round came when Mr Kunz stated that the universal service obligation was

"a kind of Jurassic Park and we should get rid of it".

The worry is accentuated by the possibility that TNT could be the successful bidder for a privatised Royal Mail.

Although Mr Kunz might think of the USO in such terms, my constituents and the businesses in my constituency see it as a valued, necessary and fundamental service. We want to prevent any such erosion wherever possible. I wish that we had an opportunity to guarantee the current service levels indefinitely, but I recognise that this is not the Government's will. However, we want the minimum five-year period to be included in the Bill. I suppose for the very same reasons that Mr Kunz, and perhaps the Minister, do not.

Amendments 23 and 24 would allow the newly privatised Royal Mail to be secure in the current service delivery levels for the next five years without change. As the Bill stands, the first review could come along at any time and have far-reaching effects. I referred earlier to our time in Committee, where my hon. Friend the Member for Kingston upon Hull East (Karl Turner) said that a similar amendment was

"a reasoned amendment that turns on the issue of speed versus proper consideration." [*Official Report, Postal Services Public Bill Committee*, 7 December 2010; c. 592.]

He recognised that such a safeguard would prevent Royal Mail's new owner or owners from exerting any pressure on Ofcom to re-examine the minimum requirements straight after a sale, as a way of trying to secure bigger returns for shareholders. However, he and other members of the Committee recognised too—I hope that other Members will recognise this today as well—that such a safeguard would also prevent Ofcom from undertaking a hasty review before the full effects of privatisation and modernisation were understood and their impact on the service evaluated.

It is not just those on this side of the House who want to protect the USO in the long term. The Federation of Small Businesses also believes that the USO

"must be protected and services must not diminish".

stating:

"Any change to the scope of the USO could have a negative impact on small businesses."

Indeed, FSB members have shown their further concern, in that 82% of small businesses want to keep the single UK-wide pricing structure. Then we have the National Federation of SubPostmasters, which has said that

"communities across the UK depend"

that is the key word—

"on the six-days-a-week collection and delivery at a uniform and affordable price".

Indeed, in their recent report, that august group of cross-party and pan-UK parliamentarians known as the Scottish Affairs Committee also expressed alarm about

"the Bill's requirement for Ofcom to review the minimum requirements for the USO within 18 months. We fear this may be seen as an opportunity to decrease the requirements of the USO."

Many Opposition Members get fed up with listening to the Government telling the country what they are doing to help small business, when there is precious little sign of such help in the real world. Here is an opportunity for the Government to do just that—help small business, support these amendments and support the Federation of Small Businesses.

5.45 pm

The Minister's previous argument that clause 30 enshrines the minimum requirement and clause 33 enhances the safeguards against changes to those minimum requirements is, quite frankly and at best, smoke and mirrors. He said in Committee that under the European Communities Act 1972, the Government already have the power to change the minimum requirements of the universal service to the level required by the directive, which is five days a week, by way of negative resolution. Of

course, he is correct, but he went on to say that that was not acceptable. Quite frankly, the change he proposes in the Bill is little better.

We believe that our amendment 25 is just, as it prevents the Secretary of State from moving changes through this Bill as a result of Ofcom's reviews. It would empower the Secretary of State only to lay the report before Parliament, whereas amendment 26 would remove the need for any approval process as the power to amend section 30 through this Bill would be removed by amendment 25. This would, we calculate, lead to the need for new primary legislation, with all the necessary parliamentary scrutiny that accompanies it, before any Ofcom-proposed service reductions could be instigated.

The Minister will remember that I tried on numerous, if not dozens, of occasions in Committee to enhance parliamentary scrutiny of these proposals, but he chose to ignore my good and kind offers. He has another opportunity here tonight to add parliamentary scrutiny to the Bill, and he should do so by accepting amendments 25 and 26.

Other hon. Members are waiting to speak on these and other amendments, so I would like to speak very briefly about amendment 29, particularly about what we call the final mile. We moved a similar amendment in Committee and we will support this amendment tonight.

The hon. Member for Angus (Mr Weir) has regaled us with the reasons behind new clause 4. I am glad that he has had that opportunity, which he did not have in Committee, as his was the only new clause that we were unable to discuss because we ran out of time on the final day. The proposal is of merit; it provides another opportunity to protect the universal service obligation. The hon. Gentleman put forward a strong argument. Anything that protects the USO can only be a positive proposition.

To conclude, amendments 23 and 24 would provide a five-year buffer before any Ofcom USO review, and amendments 25 and 26 would remove the Secretary of State's ability to alter the USO through the powers in this Bill. If the Minister believes the words of his Secretary of State that he has

"no intention of downgrading this service"—[*Official Report*, 27 October 2010; Vol. 517, c. 360.],

he must accept these amendments. He will have an opportunity to vote for amendment 23, which we intend to press to a Division if he does not accept it. If he does not accept and support these amendments, he will be saying that one of two things will apply. Either the Minister does not believe the Secretary of State or the Secretary of State's words are an empty promise. Which is it?

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. There are just a couple of minutes before I will invite the Minister to speak. I am sorry that there is not much time left for Katy Clark to speak, but I must bring the Minister in at 5.50 pm.

Katy Clark (North Ayrshire and Arran) (Lab): Thank you, Mr Deputy Speaker, for giving me the opportunity to speak to amendments 29 and 30. I fully appreciate the time constraints, given that the Minister must be brought into the debate.

The amendments are designed to look at the issues surrounding regulation, particularly at the legal requirements that oblige Royal Mail to process and deliver its competitors' mail. Many hon. Members will be fully aware of this problem as whenever they attend a postal delivery depot, postal workers will advise them forcefully about it. At the moment, the reality is that on average every letter that Royal Mail delivers for its competitors leads to a loss of 2.5p to Royal Mail. Amendment 29, which was tabled with the support of communication workers and which I would like to put to the vote if given the opportunity, is designed to address that issue.

Briefly, we have a fully liberalised market, but the way the current system operates goes way beyond that required by the European directive. It requires compulsory access by competitors to every point of the Royal Mail's network and it provides a guaranteed margin for them. Amendment 29 would ensure that the regulator no longer had the power to set that price. There would be a commercial negotiation, and the price established would mean that it was in Royal Mail's interest to deliver the correspondence.

At present, a competitor will collect letters from customers who make bulk postings. Those letters will be part-sorted, and branded with the competitor's stamp. The competitor will then drive the letters to a Royal Mail sorting office, where Royal Mail will sort them and deliver them at a loss.

I know that we have a problem with time, so I shall end my speech now. I ask the House to support the amendment, which seeks to ensure that Royal Mail is able to negotiate freely and deliver letters at a profit.

Mr Davey: Because of the shortage of time, I shall begin with a brief overview of our reaction to the new clause and amendments.

The Government have introduced more protections for the universal service than currently exist, and more than the last Government proposed in their 2009 Postal Services Bill. We have strengthened the existing protections. The amendments tabled by the hon. Members for North Ayrshire and Arran (Katy Clark), for Ochil and South Perthshire (Gordon Banks) and, indeed, for Angus (Mr Weir) would weaken those protections, and would serve the consumer very poorly.

I entirely see what the hon. Member for Angus is getting at in new clause 4. As he said, we discussed it in Committee. As I told him then, however, I believe that the Bill provides the protection that is needed. I told him that the Bill gives Ofcom the power to impose a designated universal service provider condition similar to the condition 16 requirement in Royal Mail's existing licence. That prevents Royal Mail from doing anything—such as transferring assets or paying out dividends—that

"creates any significant risk that the necessary resources will not be available"

to carry on its business.

If the universal service provider put itself in breach of its obligations through, for example, the sale of part or all of the business in a way that no longer enabled it to fulfil the universal service requirement, Ofcom could take enforcement action. As I said in my intervention on the hon. Gentleman's speech, it could fine the universal service provider up to 10% of the turnover of its postal

business in the relevant year. On the basis of Royal Mail's current turnover, that would be more than £650 million. He seems to think that it is an insignificant return, but I disagree. Moreover, he did not mention—although I had told him in Committee—that there are additional protections in company law relating to what the pensions regulator can do.

In my view, new clause 4 is not needed. We already have the necessary protections, and I hope that the hon. Gentleman will at last be reassured and will withdraw the new clause.

In amendment 11, the hon. Gentleman seeks to ensure that the needs of small businesses in rural and remote areas continue to be met, and are taken into account in all of Ofcom's actions relating to postal services. I agree that both those protections are vital, but again he need not worry, as there is already ample provision in the Bill. Section 3(4)(l) of the Communications Act 2003 requires Ofcom to take into account the needs of

"the different interests of persons in the different parts of the United Kingdom...and of persons living in rural and in urban areas".

We are extending those duties to Ofcom's functions in respect of post. "communications matters" in section 3(1)(a) of the 2003 Act will now include postal matters.

Mr Weir: The Act refers to

"persons living in rural...areas".

but my amendment refers to businesses. That is the important point in this context.

Mr Davey: It nas been well established that, in the Act, "persons" also means businesses.

On amendments 12 and 13, Members will be aware that the market is undergoing big structural changes. Volumes have declined by 15% in the last five years, and Richard Hooper predicted declines of up to 40% in the next few years. Surely we all agree that action must be taken to protect the universal postal service. Clause 30 sets out the minimum requirements of that service, which are identical to those set out in the Postal Services Act 2000. They are also identical to the minimum requirements proposed by the Opposition in their 2009 Bill. They gold-plate the minimum requirements of the European postal services directive. The amendments would impose additional regulation on top of that gold-plating, and thus risk undermining the provision of the very universal service that we are trying to save. In its evidence to the Public Bill Committee, Royal Mail spoke of the need for deregulation in competitive parts of the market if it is to survive. The most competitive part of the market is packets and parcels. I am afraid that the hon. Gentleman is not looking at what is happening. Royal Mail is competitive, and despite there being no requirement, it is delivering six days a week. The 2000 Act does not require that, nor does the European postal service directive. The last Government did not seek to require it either, and Postcomm does not require it in its licence. Yet Royal Mail provides a six-day-a-week parcel service. Why does it do that? The simple answer is because it makes commercial sense. That is the best incentive for any business.

This Government are committed to reducing regulatory burdens. We do not wish to impose regulation where it is not necessary. It is vital that businesses can operate free from the spectre of excessive bureaucracy that serves no purpose.

Susan Elan Jones (Clwyd South) (Lab): Will the Minister give way?

Mr Davey: I want to make some progress, as I have a lot of amendments to deal with.

I was grateful to my hon. Friend the Member for Argyll and Bute (Mr Reid) for his welcome for most of the aspects of regulation in the Bill and for how we have sought to ensure that remote rural areas, particularly in Scotland, have the protections they need. However, I gently say to him that there is the requirement for letters to be delivered six days a week. If a parcel is ready to be delivered on a Saturday, Royal Mail will deliver it because a postman or postwoman would be going to that address anyway to deliver letters. I ask him to think about the practicalities of that. Where they are delivering in remote places to remote addresses, they deliver letters in vans. Where they are delivering in towns, increasingly in future, because of the roll-out of this programme, posties will use delivery trolleys. Those are being introduced as a deliberate reform in the way that letters and parcels are delivered. They are being brought in partly to ensure that posties can deliver parcels as well as letters. Given that there is already the minimum service requirement of six days a week for letters, I think my hon. Friend will be reassured on this point.

Amendment 14 to clause 32 is unworkable. It would add disproportionately to the burdens on the universal service provider and it would put at risk the health and safety of hard-working postmen and women. I am surprised the hon. Member for Angus wishes to do that. The exception in clause 32 has been in place for many years. It is in the European postal service directive. Removing it would put at risk the health and safety of Royal Mail men and women. I think he should think very seriously about that.

On amendments 23 to 26 to clause 33, the Bill is about protecting the universal service. Clause 30 enshrines the same minimum requirements in this Bill as are in the current legislation. The power in clause 33 to review the minimum requirements enhances the safeguards against changes to those minimum requirements. As the hon. Member for Ochil and South Perthshire (Gordon Banks) had to admit, at the moment—his Government failed to acknowledge this—there are powers for the Government in this regard. We could, by negative procedure, move the current minimum service requirements down to the level of those in the European postal service directive. I think that is unacceptable, however, which is why we have added extra safeguards to the Bill. They include the requirement that should Ofcom make a judgment that it is in the consumer's interests for there to be changes, and should the Secretary of State accept that, there would have to be votes in both Houses of Parliament. That is a very strong protection, and he ought to welcome it. Is he going to welcome it?

Gordon Banks: No, but what I am going to do is ask the Minister whether he agrees with the Secretary of State that he has no intention of reducing the level of service. If that is the case, the Minister should support our amendments, not talk about what he has put in the Bill.

Mr Davey: The problem with the hon. Gentleman's amendments is that they are very confused. For example, in proposing a review after five years in respect of

[Mr Davey]

Ofcom, rather than 18 months, he does not seem to understand how the universal service regulations work. We have the minimum service requirements in clause 30, but there is also clause 29, and the reason why there is an 18-month review is to allow the universal postal service order to be brought in so that the sorts of requirements and the level of universal service that exist at present can be introduced quickly. I would have thought that the hon. Gentleman would welcome that. The fact that he does not shows that, despite all our work together, he still does not understand the Bill.

Amendments 29 and 30 are very important, but I am not going to be able to give them the time that they deserve. I simply say to the hon. Member for North Ayrshire and Arran (Katy Clark) that if we were to accept them, they would remove important safeguards for competitors and consumers, and that would not be welcomed by people at large. It would undermine competition and the incentives for efficiency. Our Bill, unlike the one in 2009, seeks to change the regulatory system—

6 pm

Debate interrupted (Programme Order, 27 October).

The Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E). That the clause be read a Second time.

The House divided: Ayes 240, Noes 315.

Division No. 164] **[6 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Binley, Mr Brian
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creasy, Dr Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Hain, rh Mr Peter
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hepburn, Mr Stephen
Hermon, Lady
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hollobone, Mr Philip
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mahmood, Mr Khalid
Mahmood, Shabana
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meale, Mr Alan
Mearns, Ian
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Riordan, Mrs Linda
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela

Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Weir, Mr Mike
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Wright, David

Tellers for the Ayes:
Dr Eilidh Whiteford and Jonathan Edwards

NOES

Adams, Nigel
Afriyie, Adam
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Holloway, Mr Adam
Hopkins, Kris
Howell, John
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David

Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Shailesh Vara and Jeremy Wright

Question accordingly negatived.

The Speaker then put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

Clause 11

ANNUAL REPORT ON POST OFFICE NETWORK

Amendments made: 3, page 6, line 24, after 'offices', insert 'in England, Wales, Scotland and Northern Ireland'.

Amendment 4, page 6, line 40, at end insert—

'(6) The Secretary of State must give a copy of the report to—

(a) the Scottish Ministers,

(b) the Welsh Ministers, and

(c) the Office of the First Minister and deputy First Minister in Northern Ireland.'.—*(Mr Davey.)*

Clause 14

PART 1: GENERAL INTERPRETATION

Amendment made: 5, page 7, line 34, leave out 'premises' and insert 'any premises or vehicle'.—*(Mr Davey.)*

Clause 33

REVIEW OF MINIMUM REQUIREMENTS

Amendment proposed: 23, page 18, line 25, after second 'time', insert 'but not before the date five years after this Part comes into force'.—*(Gordon Banks.)*

Question put, That the amendment be made.

The House divided: Ayes 239, Noes 317.

Division No. 165] **[6.15 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creasy, Dr Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Hain, rh Mr Peter
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hepburn, Mr Stephen
Hermon, Lady
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian

Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meale, Mr Alan
Mearns, Ian
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Riordan, Mrs Linda
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Wright, David

Tellers for the Ayes:
Phil Wilson and Graham Jones

NOES

Adams, Nigel
Afriyie, Adam
Alexander, rh Danny
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Howell, John
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Laws, rh Mr David

Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Tomlinson, Justin
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Shailesh Vara and Norman Lamb

Question accordingly negatived.

Clause 60

UK POSTAGE STAMPS BEARING THE IMAGE OF HER MAJESTY

Amendments made: 17, page 37, line 21, leave out subsection (1) and insert—

'(1) The Secretary of State may give a direction to a universal service provider requiring the provider to do either or both of the following—

(a) to issue United Kingdom postage stamps bearing the image of Her Majesty ("relevant stamps") in cases specified in the direction, and

(b) to comply with provision specified in the direction in relation to any relevant stamps that the provider is required or proposes to issue.'.

Amendment 18, page 37, line 24, leave out 'this section' and insert 'subsection (1)(b)'.

Amendment 19, page 37, line 24, leave out 'the' and insert 'relevant'.

Amendment 20, page 37, line 26, leave out 'this section' and insert 'subsection (1)(b)'.

Amendment 21, page 37, line 28, leave out second 'the' and insert 'relevant'.—*(Mr Davey.)*

Clause 78

INDEMNITIES

Amendments made: 6, page 47, line 12, at end insert—

'(3A) As soon as practicable after agreeing to indemnify persons under this section, the Secretary of State must lay a statement of the agreement before Parliament.'.

Amendment 7, page 47, line 23, at end insert—

'(6A) If a sum has been paid out in consequence of an indemnity agreed to under this section, the Secretary of State must lay a statement relating to that sum before Parliament—

(a) as soon as practicable after the end of the financial year in which the sum is paid out, and

(b) if subsection (4) applies to the sum, as soon as practicable after the end of each subsequent financial year in relation to which the repayment condition has not been met.

(6B) The repayment condition is met in relation to a financial year if—

(a) the whole of the sum has been repaid to the Secretary of State before the beginning of the year, and

(b) the company was not at any time during the year liable to pay interest on amounts that became due in respect of the sum.'.—*(Mr Davey.)*

Clause 79

GUARANTEES WHERE POSTAL ADMINISTRATION ORDER IS MADE

Amendment made: 8, page 48, line 20, leave out 'thinks fit' and insert 'considers appropriate'.—*(Mr Davey.)*

Third Reading

Queen's consent signified.

6.28 pm

Mr Davey: I beg to move, That the Bill be now read the Third time.

We have had an excellent debate on the Bill, not just today but throughout its passage through the House. Hon. Members have rightly spent a lot of time scrutinising the detail of our proposals, but I would ask all of them to stand back and remember what we are trying to achieve. We are trying to preserve two great British institutions—the Royal Mail and the Post Office. As we heard from Richard Hooper in his reports, both to the previous Government and to this one, unless we take urgent action, the future of the universal postal service is at severe risk.

Letter volumes are declining faster than anyone predicted—15% in the past five years alone—and some estimates suggest that they could decline by up to another 40% over the next five years. Is Royal Mail yet ready for this most challenging of business trends? Without the Bill, I believe not, for despite some progress on modernisation, Royal Mail has not adapted sufficiently to that market decline. Unless we take action, that will only worsen and Royal Mail's position will become even more precarious. Let all hon. Members be in no doubt: doing nothing is not an option.

The previous Government recognised that, for in many ways the Bill is similar to that which was put before the other place by the previous Government in 2009. The previous Business Secretary was aware of the need for urgency. He said:

> "We cannot simply ignore these facts, or put our plans in a bottom drawer".—[*Official Report, House of Lords*, 10 March 2009; Vol. 708, c. 1068.]

Unfortunately, the previous Government ended up ignoring the facts. As they oppose the Bill, I suggest that the Opposition ought to go back to that bottom drawer. If they look hard enough, they might find the bottle that they lost in 2009.

The present Government are aware of the urgency. That is why we have pressed ahead with the Bill so early in the Parliament. We will send to the other place a Bill that is significantly better than the previous Government's 2009 Bill. It is better for employees of Royal Mail, with employee shares to give them a genuine stake in the future of the business. It is better for the Post Office, setting it free and creating the possibility for a mutual ownership model in the future. Above all, it is better for the universal postal service and Royal Mail, as our Bill takes a more flexible approach to regulation and is much better structured to attract the private investment that this business desperately needs.

The House should have no doubt about the overriding aim of the Bill. It is to protect the universal postal service. I do not believe it is possible to protect that in the public sector any longer—at least, not without ever-increasing levels of taxpayer subsidy, which even Lord Mandelson, as he doled out largesse in the run-up to the last election, would have baulked at.

Royal Mail needs to modernise. Its business is changing with the impact of the digital world. I am sure that I was not alone among hon. Members in paying a Christmas visit to local delivery offices in my constituency. Not only was I impressed by the hard work of Royal Mail employees, dealing with some of the worst weather conditions in living memory, but I was staggered by the huge increase in the volume and size of parcels. No one, none of the posties there, had seen anything like it.

In recent years, the volume of internet shopping has been increasing, especially items such as books and CDs, but now it seems that the British consumer's confidence in internet shopping has grown dramatically. That is good news for the longer-term future of Royal Mail. Although the increase in parcels will not offset the decline in letter mail, and the parcels sector is intensively competitive, there is a chance—an opportunity—for Royal Mail to grow.

The other dramatic impression that one has after visiting Royal Mail sorting and delivery offices and then visiting similar sites elsewhere—as I did in Berlin, visiting a Deutsche Post sorting office—is the lack of capital investment in Royal Mail so that it can make the best of this opportunity. Since Deutsche Post shares were first sold in 2000, it has invested the equivalent of £11.7 billion and about half of that investment has gone on modernising its parcels and express business because it knows that that is the future for its organisation.

We need to give Royal Mail that sort of freedom to invest in the delivery businesses of the future. We need to ensure that it can access capital, not just for its immediate modernisation plans, but well into the future. I do not believe that if it remains constrained by Treasury borrowing, it could ever access the right amount of cash, with the commercial speed needed.

As we privatise, we are ensuring that the employees get a good deal. Our pension plans and our employee share plans must represent the best deal on offer to any large group of employees in the UK today. I am immensely proud that Liberal Democrats in government with our coalition partners are delivering the deal on pensions that Labour failed to deliver, and I am immensely proud of the strongest legislative commitment to employee shares in any major privatisation.

Given the time, although I want to say something about post offices, before doing so I shall comment on stamp design. The amendments passed by the House will ensure that Her Majesty's head will appear on stamps in the future.

Jonathan Edwards: *rose—*

Mr Davey: Let me anticipate the hon. Gentleman, because the concerns that the nationalist parties expressed in their amendments are unfounded. The Bill will ensure that nationalist emblems can be placed, and be required to be placed, on stamps in future. I hope that he is reassured by that.

Mr Davidson: Surely the Minister does not mean "nationalist emblems" can be placed; can he assure us that Alex Salmond's head will not appear on any stamps provided in Scotland?

Mr Davey: I cannot tell the hon. Gentleman how delighted I am to be able to give him that reassurance. It was a slip of the tongue.

Some people have concerns about the wording of our amendments, which ensure that Her Majesty's head will be on our stamps in future. I can assure hon. Members

[Mr Davey]

that, under section 10 of the Interpretation Act 1978, "Her Majesty" can be taken as

"a reference to the Sovereign reigning at the time of the passing of the Act"

and construed as applying to any future Sovereign, so people should not worry about that.

May I turn to the Post Office? There has rightly been a lot of debate about the impact of the Government's proposals on the network of post offices. First, I want to be absolutely clear that we are talking about a sale of shares in Royal Mail, not in the Post Office. They are both cornerstones of British life, but they are different businesses facing different problems, and that is why separation has been so widely supported by the experts. Of course, their futures are closely linked, and we expect that they will always have a strong commercial relationship, but securing the future of Royal Mail will of course help to secure the future of the Post Office as the natural outlet for purchasing Royal Mail services.

I shall say again something that I have said many times before. There will be no programme of post office closures under this Government. I have been very clear on that, as has my right hon. Friend the Business Secretary. That is why we have pledged £1.34 billion of funding to support the post office network, funding that will ensure the continuation of at least 11,500 post office branches throughout the United Kingdom.

Ian Murray: The debate about new clause 2 was certainly robust. Can the Minister give the House a cast-iron guarantee that, as a result of the decisions he is just about to take, no post offices will close?

Mr Davey: If the hon. Gentleman had been present for our debates in Committee, he would have found that his Opposition colleagues understand that it is impossible for any Minister in this or previous Governments to say that no individual post office will ever close. Why? Because in large part they are private businesses, and individuals can retire, decide to close their business or, of course, die. So, it is impossible to give him that reassurance. The reassurance I can give him, which his colleagues could not during the previous Parliament, is that no programme of closures will be driven by this Government. That is why we have secured the money, and the deal—the contract signed by the Government with Post Office Ltd—ensures that there will be a network of at least 11,500 post office branches throughout the United Kingdom.

When the Opposition scaremonger on that issue, we simply need to remind ourselves of their record on post offices. When urgency was needed to invest in Royal Mail, the only urgency the previous Government demonstrated was an urgency to close post offices. The numbers do not lie. The number of days the previous Government were in office: 4,753. The number of post offices closed in their two major closure programmes: 4,854. That is a strike rate worthy of an English batsman, not of a Government seeking to protect communities, small businesses and the most vulnerable throughout our country, yet we have had no apology for that appalling record.

Through this Bill, the Post Office also has the opportunity to move to a mutual ownership model, which would give employees, sub-postmasters and communities a real stake in their post office network. With our work to pilot more and more new Government services, both national and local, through the post office network, such new ideas will give local post offices a fighting chance.

Let me end by returning to the universal postal service. I reiterate that this Government are fully committed to that service: six-days-a-week collection and delivery to the UK's 28 million addresses at uniform and affordable prices. This Bill gives Ofcom an overriding duty to secure the provision of the universal service, and the tools that it will need to do so. It gives greater safeguards to the minimum service levels for the universal service, with parliamentary protections, and it creates a new regulatory regime that can bring rapid deregulation for the universal service provider where there is effective competition in the market. Ofcom has a statutory duty to deregulate where it can, and we are giving Ofcom the tools to do so for the postal sector.

I would like to thank all those who have been engaged in the Bill's passage through the House, particularly Bill Committee members for their work over the past couple of months. We have certainly had some lively discussions. I would also like to thank the hon. Members for Llanelli (Nia Griffith), for Ochil and South Perthshire (Gordon Banks) and for Angus (Mr Weir). Although we may not have always agreed, I am grateful to all of them for the detailed scrutiny that they have given the Bill.

The coalition Government have not shied away from grappling with this issue, which has defeated two one-party Governments. This shows the Government at their strongest and most radical. This Government are taking decisive action to tackle the problems that the previous Government ducked. I commend the Bill to the House.

6.40 pm

Mr John Denham (Southampton, Itchen) (Lab): I shall make a few remarks on Third Reading to summarise where we are as a result of the discussions of the past few months. The House may be aware that in what I can only describe as a spirit of total selflessness and altruism, I allowed my hon. Friends the Members for Llanelli (Nia Griffith) and for Ochil and South Perthshire (Gordon Banks) to lead for the Opposition in Committee. I thank them for doing so and for the excellent way in which they helped to scrutinise the Bill. I also thank the other Committee members and, indeed, the Minister, who I can see from looking at the Committee records and my colleagues' reports was open and helpful in responding throughout its 20 sittings. There is no doubt that, including the evidence sessions, there was a great deal of opportunity to consider many parts of the Bill in detail.

The problem is that the Bill comes to Third Reading with many of the fundamental issues and concerns that were raised on Second Reading and that have been raised outside the House still unresolved. The earlier debates, including that on the new clause tabled by the hon. Member for Colchester (Bob Russell), show that concerns are not by any means limited to the official Opposition. This might not have been or have become an issue on which a head of steam builds up into a full-blown parliamentary revolt, but it is clear that the Government have by no means persuaded all their supporters of the wisdom of their policies and approach.

The Bill will now go to another place and no doubt the same issues will be discussed there. Those on the Labour Benches in another place will make every effort to make the progress that we have not made in the House of Commons. The central part of the Bill is, of course, enabling legislation. It enables the Government to privatise Royal Mail and to transfer this vital part of our national infrastructure to a foreign buyer. The Bill does not require the Government to do so and therefore today's debate is not the end of the story. As I shall set out, too many uncertainties still exist to proceed just on the basis of where we are today. That is not just the view of the Labour Opposition; that is the view of Consumer Focus, which has looked at the matter from a customer point of view. As I shall show, that is also the view of the National Federation of SubPostmasters—the people who in many ways are meant to be at the heart of the Bill.

The House did not agree to secure a 10-year inter-business agreement today, but that does not mean that the campaign to get one will go away. If we have not so far explained to all the constituents of hon. Members who support the Bill why their post offices are under threat, we have plenty of time yet to do so and to push for a change in Government policy. The basic problem is that the Government have still not made the fundamental case for the full-scale privatisation that they have proposed, nor have they addressed the concerns that exist. It is very interesting and, of course, welcome that a new clause has been introduced that is designed to ensure that the Queen's head remains on postal stamps. That is interesting because it has been made necessary solely as a result of the desire to privatise Royal Mail.

As long as the Post Office and Royal Mail remained in public ownership, as they would have done under the Bill introduced by the Labour Government, no one thought for a moment that it would be necessary to introduce legislative protection to retain the sovereign's head on our stamps. It is only because privatisation is being brought in that that is at risk. The problem is that the Government, by conceding on this point, have accepted that full-scale privatisation opens up all sorts of possibilities and dangers that simply do not exist if the Post Office remains in public service.

Mr Davey: The right hon. Gentleman is incorrect on this point. It was a Labour Minister in the 1960s—Tony Wedgwood Benn—who tried to remove the Queen's head from the stamp. I hope that he will correct the record.

Mr Denham: But the evidence remains, some 50 years later, that that did not happen. My point remains—public ownership, and the debates around it, protected that position.

Before Christmas, when the Minister was challenged on this issue, his response was, "Don't worry. No sensible private buyer would dream of removing the monarch's head." He has now conceded that that response is not enough. Yet when Members asked him today about a private buyer's relationship with the post office network, the same argument came into play: "Don't worry. No sane private buyer would take the business away from the post office network." If the guarantee is necessary for the sovereign's head, it is necessary for the inter-business agreement with post offices. It will not do to ask the House to accept this on trust, because thousands of post offices are at risk. That is, and has been from the outset, the fundamental argument against a majority privatisation of the Post Office. Although Royal Mail must be run as a commercial enterprise, majority shareholding for the public gives an ultimate protection that privatisation will not provide. If the Bill is flawed, as it is, then that protection will not exist.

The case has not been made in other areas, because, in contrast with the situation just a few years ago, transformation and modernisation are under way. The challenge of bringing in capable, senior management has been met, as I am sure all Members who have met the chief executive will confirm. Investment funds are currently available, and there are mechanisms well short of majority privatisation or a minority shareholding that could be used to raise equity in future.

Damian Collins: Moya Greene, the chief executive of Royal Mail, said to the Bill Committee:

"I think that if the Bill does not go through, you will see a continuation of what have been chronic problems for Royal Mail."—[*Official Report, Postal Services Public Bill Committee*, 9 November 2010; c. 4, Q3.]

She was very clear with us that this is a path that Royal Mail has to go down.

Mr Denham: I understand those remarks, but I believe that it would be possible for a Government who wished to do so to resolve the need to bring in additional investment in future through measures that fall short of selling a majority shareholding in Royal Mail. Some of those measures have been proposed by my party in the past, while other mechanisms have been proposed from outside. The truth is that the Government are driven by the desire to raise the albeit relatively paltry funds that they will get from selling as quickly as possible. That is fundamentally why they have refused to provide the safeguards on future business that many Members have been seeking. The highest price will come from giving the buyer the greatest freedom to make money through eroding the quality of service by closing post offices and transferring functions elsewhere.

If the Bill goes through this House today, and if it succeeds in another place, that is not the end of the story, because uncertainties still exist. First, there are the state aid discussions that will have to take place with the European Union. That arises from the need to deal with the Post Office deficit, and it will arise, if not in exactly the same form, if Royal Mail remains in public hands. We do not yet know whether any restructuring of Royal Mail will be required or whether profitable subsidiaries will need to be sold off, as the press have speculated, so we do not know what would be available for sale.

Secondly, there is still uncertainty about the regulatory regime. There is agreement about the transfer to Ofcom, but there is a crucial question about whether it will review the regulatory relationship between Royal Mail and its private sector competitors. Royal Mail has argued, most recently in a letter from the chief executive this week, that the current arrangements are commercially unfair, and that many of the letters that we all saw being delivered on our Christmas visits to post offices were, in effect, costing Royal Mail money because of the terms of the agreement. The crucial question on the proposed

[Mr Denham]

privatisation is whether Ofcom will review that relationship and, if so, when. Clearly, any change, particularly if it conceded Royal Mail's argument, would make a very big difference to the future financing of a publicly owned Royal Mail and a huge difference to the price that could be obtained from a privately owned Royal Mail. We must begin to say that a final decision on whether to sell can be made only once it is clear whether Ofcom will investigate this issue, what the time scale of such an investigation will be, and after there is an indication of the likely outcome. That is the second reason to say that there is great uncertainty.

The universal obligation has been debated this afternoon, and I will not take it further.

The final area of uncertainty is the future of the post office network. The major argument today has been about the inter-business agreement, but there are other questions about the amount of business that will go to local post offices. I welcome the Government's promise of substantial investment in the network. In some ways, that is a bold decision, because if they are wrong about the future business that goes to local post offices, that will be public money not well spent. Capital investment cannot of itself secure revenue from the Royal Mail. Promises of other work are slim and not tied down. Our plans for a Post Office bank have been dropped, and the promises from other Departments are vague.

The National Federation of SubPostmasters has supported the principle of the Bill, but the briefing it has circulated to right hon. and hon. Members for today's debate could not be more explicit. It states that

"ministers must recognise that their plans will only succeed if they deliver on access to government and Royal Mail work at post offices. If they fail on this, not only will plans to mutualise the Post Office be doomed to failure; there will be no way back for the network and our post offices will face even greater jeopardy."

It goes further and states that if adequate levels of new Government work at post offices are not secured, it believes that the separation of Post Office Ltd and Royal Mail, and the sale of Royal Mail, must be "indefinitely delayed".

The House has rejected the first thing that the federation asks for, which is a long term deal. The Government have failed, as yet, to deliver the second thing that it asks for, which is a clear commitment for future levels of other Government work. The argument over indefinite delay is, I think, the battleground on which the forthcoming campaign to save our postal services will be fought.

6.53 pm

Richard Fuller: Royal Mail is, first and foremost, a people business. It is a people business, or it is no business at all. We know that not only because of the campaigns that hon. Members from all parts of the House have conducted to save post offices in their constituencies, but because of the hard work undertaken by Royal Mail workers throughout the year, particularly in the run-up to Christmas. We also know it because of the hard and vigilant work that the Communication Workers Union has put in to help us understand the issues involved in the Bill, as I experienced when Paul Moffat, the CWU representative for my region, came to see me. We also know it because of the groundbreaking modernisation agreement that the CWU made with Royal Mail. That is a signal triumph about which Mr Hayes and his colleagues can rightly be proud. It is that people aspect of the Bill on which I shall focus my brief comments.

Fiona O'Donnell: Does the hon. Gentleman agree that part of the reason workers go the extra distance is that they are public servants, and that the Bill will destroy that ethos?

Richard Fuller: No, I do not agree. I believe that they do so because they have in their hearts a sense of public service, and the Bill offers a much better, more secure way for them to fulfil their sense of public service obligation by securing a stronger foundation for the Royal Mail Group. In addition, it contains groundbreaking provisions that extend the principles of employee participation and employee ownership, which are most welcome.

I know that I disagree with the CWU about Government ownership, and in its most recent note it listed some of the things that could happen under continued Government ownership. It stated that the Post Office could move to be more profitable, raise commercial loans or enable the relaxation of competition. Those things could happen, but they could have happened in the past and did not.

What is the legacy of Government ownership of the institution of the Royal Mail Group? It is a revolving door of, let us face it, not particularly competent management until the recent past; a crippling burden of unfunded pension liabilities; and a delay of more than 18 months in giving management access to capital. Those things have held back the Royal Mail Group, so Government ownership is not the answer. The right hon. Member for Southampton, Itchen (Mr Denham) made the assertion, with which I do not agree, that the case for private ownership has not been made. I would say that the case for ending Government ownership has truly been made.

I believe that the CWU and workers now need to look forward at how we can use the Bill to extend further the principle of employee participation, and how we can continue to make it the groundbreaking legislation that many Members of all parties would like it to become. Let us ensure that employee ownership, which the Minister rightly said can be at a minimum of 10%, can truly be a model for how that principle should continue. The mutualisation of the Post Office should be thought through so that long-term business interests are secured when people put their own capital into a business to fulfil a service obligation to the people of this country.

Most importantly, as the Minister goes through the process of looking for the future owners of the business, with the participation of the CWU and the workers' representatives, it is crucial that he stresses that the management, with the unions, must secure another groundbreaking modernisation programme. That is an absolute prerequisite if any future owner is to secure a bright future for the Royal Mail Group as it goes forward and meets the challenges of the years ahead.

6.58 pm

Fiona O'Donnell: Thank you, Mr Speaker, for this short but sweet opportunity to speak on Third Reading.

I am sure that no one in the Chamber would accuse us Scots of being parochial, but I wish to take a moment to thank the posties of East Lothian, who delivered the Christmas mail in the most difficult of circumstances. Even more locally, I thank my own postie, who delivered my Scottish Affairs Committee papers and, I am sure, would have been pleased with the report contained in his delivery.

It is sad that this place has made one so young so cynical so quickly. I have had to learn a whole new language, because this Government speak in code. I could almost hear the theme tune from "Born Free" as the Minister spoke about setting free the Royal Mail.

This is a Government who do not believe in public service. When my hon. Friend the Member for Edinburgh South (Ian Murray) asked the Minister to provide assurances that no post offices would close as a result of the measures in the Bill, I once again learned that Ministers often do not answer the questions put to them. This is an issue of genuine concern to my constituents, but there is nothing in the Bill to reassure them. This is shotgun legislation from an adulterous coalition. There may be no programme of post office closures, but I am sure that post offices will close. I am sure that the Minister must have a trumpeter's lip by now, because he has been blowing his own trumpet all day, talking about "post office local" and how he has no plans for vans, but there were no plans to raise VAT, so I am not going to take that as a promise.

7 pm

Debate interrupted (Programme Order, 27 October)

Mr Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E). That the Bill be now read the Third time.

The House divided: Ayes 319, Noes 238.

Division No. 166] **[7 pm**

AYES

Adams, Nigel
Afriyie, Adam
Alexander, rh Danny
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Grant, Mrs Helen
Gray, Mr James
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Howell, John
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Metcalfe, Stephen

Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Norman Lamb and
Mr Shailesh Vara

NOES

Abbott, Ms Diane
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creasy, Dr Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Hain, rh Mr Peter
Hancock, Mr Mike
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hepburn, Mr Stephen
Hermon, Lady
Hillier, Meg
Hi'ling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine

Meale, Mr Alan
Mearns, Ian
Mercer, Patrick
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Riordan, Mrs Linda
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Wright, David

Tellers for the Noes:
Angela Smith and
Mr David Anderson

Question accordingly agreed to.
Bill read the Third time and passed.

Education Maintenance Allowance (Walsall North)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Dunne.)*

7.15 pm

Mr David Winnick (Walsall North) (Lab): Much has been said, and rightly so, about the Government's decision to end the education maintenance allowance. This debate relates purely and simply to my constituency, however; it addresses the impact that the abolition of EMA will have on Walsall North.

We should be quite clear that those 16 to 19-year-olds who are eligible for the allowance come from households that would certainly be considered to have low and, at most, medium incomes. The full benefit is £30 a week, which is not a very large sum, but it is very useful for those who take it up. In order to receive that full benefit, the person concerned would need to come from a household whose gross income is under £21,000. To receive £20 weekly, they would need to come from a household whose income is between £20,818 and £25,521. To receive £10 a week, the household income—gross, I again emphasise—would need to be between £25,522 and £30,810. Since EMA was introduced, there has never been any allowance for those from families whose income is above £30,810. We know the sorts of households that will be affected, therefore. The pupils involved would, understandably, be under some financial pressure. In some instances, they could well be under pressure to leave school at the first opportunity.

EMA was introduced by the Labour Government to encourage such pupils to stay on at school beyond the compulsory school leaving age. We should bear it in mind that it is almost taken for granted that the sons and daughters of MPs and other people earning a reasonable sum will carry on their schooling beyond 16. There are exceptions, but they are very much the exception. We should therefore be clear about the people we are talking about in this debate.

The purpose of EMA is not only to encourage pupils to stay on at school beyond 16; it is also to give them some financial assistance. Although £30 a week may not seem much, it is certainly a help. It helps pay for fares, food and other costs, and it comes in very handy.

I decided to write to the heads of the secondary schools in my constituency and Walsall college to find out the proportion of their students who are in receipt of EMA. Let me give some of the figures from the replies I received. The head of Willenhall school sports college stated in her reply to me that 63% of those in the sixth form received EMA. The figure for Pool Hayes arts and community school is 57%; for Frank F. Harrison engineering college, it is higher, at 75%; and for Walsall academy it is 51%.

Valerie Vaz (Walsall South) (Lab): I congratulate my hon. Friend on securing this debate on what is such an important issue for Walsall. Does he agree that while cuts to EMA affect all communities, they hit the Asian community hardest, because the Pakistani community has a take-up of 77%, and the Bangladeshi community has a take-up of 88%?

Mr Winnick: My hon. Friend, who has made a very useful contribution since her election last May as the Member for Walsall South, makes a very important and valid point.

I have mentioned Walsall academy, so I move on to Walsall college. Its principal states:

"Walsall College provides education and training for the largest number of young people in the…borough".

The college has 2,136 pupils—slightly more than 58%—in receipt of EMA. I said that these figures and percentages are not surprising because the annual income in my borough is about £21,000. Obviously I am pleased that these pupils are staying on, and I am sure that my hon. Friend would say the same about the pupils in her constituency. Many of them are likely to be the first generation in their family to continue in education beyond the school leaving age. I would have thought that we should use every means to try to persuade youngsters, particularly those to whom I have just referred, who might leave school at the first opportunity, to stay on. I would have thought that we should also give them some financial support. That is why I, like my hon. and right hon. Friends, think that the introduction of EMA was a welcome step.

What will be the position of those currently in receipt of EMA who will not have completed their course and will not be at the maximum age of 19 by the end of this academic year? They had no warning that EMA was coming to an end; they were certainly given none by the Conservative party when it was in opposition. The Prime Minister denied that EMA was going to go when he was Leader of the Opposition. What will happen to these students at the college and at secondary schools in my constituency and elsewhere? They will certainly feel that they have been left in the lurch.

All those who replied to me—the heads of the schools and the college principal—expressed much concern about what will follow the abolition of EMA. The Minister is almost certainly going to emphasise that a substitute is being put forward: the enhanced discretionary learner support fund. However, there is not much doubt that all the evidence indicates that the total amount of central Government money—the only money involved is central Government EMA and what I have just mentioned—will be much more limited than under EMA. That is the justification for getting rid of EMA.

Gavin Williamson (South Staffordshire) (Con): Will the hon. Gentleman give way?

Mr Winnick: One does not normally give way, given the very limited time available and the fact that the Minister should have adequate time to reply. That is the normal parliamentary procedure, but if the hon. Gentleman is so desperate, so be it.

Gavin Williamson: I greatly thank the hon. Gentleman, my constituency neighbour, for giving way. Does he not accept that EMA is a very flawed system and does not take into account families' current needs because it actually looks at the last tax year? It never dealt with a lot of people—for example, families where the main income earner had lost their job. It is a truly flawed system.

Mr Winnick: The figures on household gross income show that, without any doubt, those who receive EMA come from households with a much more limited income than us and than those who earn much more than Members of Parliament and so on. I have given all the reasons why EMA was justified and why I would like it to continue.

What the heads particularly emphasised in their replies to me, apart from their concern about the abolition of EMA, was that there is a possibility—perhaps it is more than that—that under the substitute they will be in the rather invidious position of deciding which of the pupils staying on beyond 16 should receive the financial help, limited is it will be. At the moment, of course, the school is not involved. The school or college is only involved over attendance, ensuring that those who receive EMA attend. If they do not, they lose the allowance, and rightly so.

Jim Shannon (Strangford) (DUP): I congratulate the hon. Gentleman on securing the debate tonight. It is a very important issue for a great many of us. The situation in Walsall is replicated in other constituencies, including Strangford. There are more students than ever in this financial year, more courses than ever and a greater demand for EMA. I support the point that he is making, but does he agree that the largest number of people who will be affected will be those who can least afford it?

Mr Winnick: Indeed, and I hope that the Minister has taken on that point. I have been emphasising all along the sort of people and the households affected.

The principal of Walsall college—perhaps the hon. Member for South Staffordshire (Gavin Williamson) will listen to this with particular attention—writes that the students in receipt of EMA

"are primarily drawn from the poorest parts of the Borough. This financial support has enabled parents to encourage their children to stay on in education and training, where previously they would have encouraged them to take low paid employment rather than fund their studies."

In conclusion, he writes:

"Unless we see a significant rise in our DLSF to offset the reduction in EMA, we will undoubtedly see a reduction in enrolments from learners from the poorest families."

He adds:

"If we do not support our young residents to become skilled, professional and enterprising by supporting them to access and remain in high quality post 16 education and training,"

the borough

"will never achieve its ambitions for regeneration and sustainable prosperity."

I endorse everything that he says.

I hope—although it is rather optimistic for me to do so—that even at this late stage, Ministers will reconsider the position and recognise that there is a great deal of justification for continuing with EMA. The argument has been paraded before and will be again—I understand that there is a debate on this subject of a national character next week—that, in the main, those who are eligible for EMA would stay on all the same. I question that, but again I come back to the point that I made earlier. Even if that were so—I do not accept it for one moment—is it not right to give a modest sum, and this is a pretty modest sum, of £30 weekly to those who come from low-income households? Is it not right to

give some help to those who would otherwise be short of financial assistance in carrying on their education? Is it wrong? Is it some sort of crime to give this sum—£30 a week? I find that difficult to believe.

I do not want to make too much of it, but if we look at the Cabinet and at where they were educated and where it is quite likely that their children will be educated, we know that those children will not receive EMA. If someone comes from a prosperous household, they know full well that there will not be any financial difficulties in their staying on in education right up past university. I am dealing with constituents, and their children, from a very different background. I, like my hon. Friend the Member for Walsall South (Valerie Vaz), want to do everything in my power to encourage the 16 to 19-year-olds who would otherwise leave school at the first opportunity to continue in education for all the reasons that we know are so important: for their future and for the future of our country.

7.29 pm

The Minister of State, Department for Education (Mr Nick Gibb): I congratulate the hon. Member for Walsall North (Mr Winnick) on securing the debate. I know that he cares passionately about supporting young people in continuing their education, as he said in his closing remarks, and we on the Government side share that passion, as do I personally.

The context to this debate is the state of the public finances, with spending outstripping income to the tune of £156 billion a year. Capital markets no longer regard sovereign debt as being risk-free, particularly for countries such as Ireland and Greece that have huge structural deficits. It is to avoid that fate that the Government have had to take difficult decisions to tackle our structural deficit, which is the highest in the G20. We pay £120 million in interest charges and the independent Office for Budget Responsibility reports that if no further action to tackle the deficit were taken, interest payments would rise to a staggering £67 billion a year by 2014-15. That is almost two years' worth of the total spending on all the schools in England—twice what we spend on the salaries of all the teachers in England and twice what we spend on running all the state schools in the country—just to pay interest on the debt.

That is all assuming that the capital markets would be willing to lend us those huge sums, but the experience of Greece and Ireland demonstrates that they might not, and that if they did it would be at significant cost.

Mr Winnick: Am I to take it that our economic survival depends on the abolition of EMA?

Mr Gibb: I shall explain how it fits in with tackling the deficit. The longer our economy languishes in crisis, the later the economic recovery and the later we have the jobs that are so desperately needed, particularly for young people, including the young people about whom the hon. Gentleman is concerned in his constituency. It is young people who bear the brunt of a stagnant economy as companies freeze recruitment. We do not want to be in the position of the economies of Ireland and Greece, which stumble and teeter from crisis to crisis, so that their economies are not revived and their young people bear the brunt of their economic crises.

Our starting point was that this £560 million spending programme had to be in the scope of spending review decisions. The research of the National Foundation for Educational Research that was commissioned and published by the Labour Administration showed that about 90% of EMA recipients would have stayed on after the age of 16 even if they had not received EMA. In making changes to EMA, we were determined that the 10% or 12% of students who might be prevented from staying on in education because of financial difficulties should be helped.

I understand the concerns of the hon. Gentleman and the college principals whom he quoted. He mentioned Walsall college, at which 2,136 students receive EMA—58% of the students there. That percentage is significantly above the national figure for EMA recipients, which is 45% of the national cohort. In Walsall as a whole, 4,182 students are receiving EMA in this academic year. We share his concern about those students, which is why we have decided to use a portion of the EMA budget to increase funding to the discretionary learner support fund, which is used to support those who have financial difficulties. Final decisions about the quantum of that extra funding have still to be taken, but we have spoken of a value of up to three times the current value of the fund, which is now at £25.4 million.

Mr Winnick: Let me ask two questions. First, what will be the position of those who continue to receive EMA who have not finished their studies and who would have continued to receive it as their studies continued? Secondly, will schools be involved in deciding who should receive the funding the Minister just mentioned?

Mr Gibb: EMA will end at the end of this academic year and we will make a decision about the size of the fund.

Mr Winnick: Is there to be no decision now?

Mr Gibb: The decision is being consulted on right now—I shall come to that in a moment. This will be decided before the end of the academic year; indeed, before the end of this financial year.

A fund of the size I was talking about would enable 100,000 young people to receive £760 a year—about 15% of the number of students currently receiving EMA. That £760 is more than the average annual EMA paid in 2009-10 of £730, and only slightly less than the £813 paid to 16-year-olds receiving the full £30 a week or the £796 paid to 17-year-olds receiving the full £30 a week.

The Government will not set expectations for how much young people should receive from the enhanced discretionary fund. It will be up to schools and colleges themselves to determine which young people will receive support under the new arrangements, and what form that support should take. We are currently consulting on how the fund will be administered and disbursed, with the National Union of Students, the Association of Colleges, students from Northamptonshire college and a whole range of other stakeholders—head teachers and colleges involved with the original trial areas for raising the participation age in education or training. We are working with my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) in

[Mr Gibb]

his role as advocate for access to education for the most disadvantaged young people.

We shall not dictate to schools and colleges how they should use the fund. It is discretionary, and schools and colleges will have the flexibility to allocate it in ways that best meet the needs of their students—for example, on how much young people will receive. *[Interruption.]* I do not think that is invidious.

Mr Winnick: It is invidious to the extent that schools do not decide about EMA, but now they will apparently need to make a judgment. As one of the heads replied to me, it is not the role of heads to decide whether A, B, C or D or X, Y or Z should receive financial support. I am sure my hon. Friend the Member for Walsall South (Valerie Vaz) agrees. That should be outside the professional role of a teacher or head teacher. The way that the whole scheme is being planned is unfortunate, to say the least.

Mr Gibb: We are consulting on the issues right now. At present, a £25 million discretionary support fund is being distributed by college principals and head teachers with sixth forms. Principals who do that work do not regard it as invidious.

The enhanced discretionary funding will not be an EMA and it will not necessarily be paid in the form of a weekly allowance. Current discretionary support is often provided in the form of books or equipment, or payment for field trips. We know that discretionary support works because discretionary learner support funds are already used very successfully in schools and colleges. They allow the professionals who actually work with students to decide what type of support the young person needs to stay in education. Colleges value the fund because they can provide support to the young people they consider to be most in need.

The hon. Gentleman did not mention transport, but it is a concern of students in many areas. I emphasise that local authorities have a statutory duty to ensure that no young person in their area is prevented from attending education post-16 because of a lack of transport or support for it. If that duty is not being met, young people and families should raise that matter with local authorities, but they were never expected to use a significant proportion of their EMA to pay for transport costs. Under the current arrangements for discretionary support funding, EMA cannot be used routinely for transport to and from college, because local authorities have that responsibility, but we will consider flexibility in that restriction as we develop the arrangements for the enhanced discretionary learner support fund.

In today's economic climate, we have a duty to ensure that we continue to invest where investment is needed and to get the best possible value for taxpayers' money. We cannot justify spending more than £560 million a year on an allowance when 90% of its recipients would have stayed on in education even if they did not receive it. Of course, we want all young people to benefit from post-16 education. We are committed to full participation for all young people up to the age of 18 by 2015, but a payment designed as an incentive to participate is no longer the right way to ensure that those who face real financial hardship and barriers to participation get the support that they need. That is why we have looked again at the most effective way to support the most vulnerable young people to stay on in education.

Question put and agreed to.

7.39 pm

House adjourned.

House of Commons

Thursday 13 January 2011

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

BUSINESS, INNOVATION AND SKILLS

The Secretary of State was asked—

Daylight Saving

1. **Mr Ben Bradshaw** (Exeter) (Lab): What assessment he has made of the likely effects on businesses of introducing daylight saving time. [33227]

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): I am aware of a range of arguments regarding the effect of introducing daylight saving time on business and other areas of activity. There has been no recent Government assessment of the merits of those arguments. However, as the right hon. Gentleman will recall, in our recent debate on the private Member's Bill on this issue, I made it clear that Government are willing to publish a review of the available evidence of a move to central European time. That would, of course, include evidence of the effects on business.

Mr Bradshaw: We know that this Government are having trouble reaching agreement on a lot of things, but on this issue, where there is overwhelming support from business and other organisations, cross-party support in the House for the private Member's Bill that the House debated before Christmas, and strong support and promises made by both the Prime Minister and the Deputy Prime Minister before the election, why is the Minister not moving more quickly?

Mr Davey: This coalition Government of two parties can make more decisions more quickly than the previous Government, of one party, did, and I am surprised that the right hon. Gentleman disagrees with the Prime Minister's statement on this issue, in which he said that there should be consensus across the nations of the United Kingdom. That is a sensible approach to take, and we will follow it.

Duncan Hames (Chippenham) (LD): I welcome the decision of the House to allow the Daylight Saving Bill to proceed into Committee. Has the Minister considered the possibility of changing the time in the year when the clocks change, so that British summer time can last longer, while still affording the benefits, which some people cite, that occur at times of the year when daylight hours are shortest?

Mr Davey: I am looking forward to meeting the hon. Member for Castle Point (Rebecca Harris) on 20 January to discuss her Bill and how she wants to take it forward, and I am sure that that is one of the issues that she will want debated.

Business Support

2. **Nigel Adams** (Selby and Ainsty) (Con): What plans he has for the future of his Department's provision of business support. [33228]

The Secretary of State for Business, Innovation and Skills (Vince Cable): The Department's plans for supporting business are being developed in a growth review looking at all the barriers to private sector investment growth and job creation—in particular, access to finance, planning and regulation. I shall be specifically working to support business through the regional growth fund, establishing the green investment bank and launching technology and innovation centres.

Nigel Adams: In the early 1990s, when I set up my first business, I received a small weekly grant through the successful enterprise allowance scheme. It was only £20 a week—but in those days people could fill up their cars with fuel for £20 a week. It was enormously helpful in supporting the early stage of the business. Can the Secretary of State give me, and constituents of mine who are thinking of setting up a small business, any indication that the Government will introduce a similar scheme?

Vince Cable: I can give my hon. Friend that assurance: indeed, we have already done so. In October my colleague the Secretary of State for Work and Pensions launched a new enterprise scheme to help precisely the category of people that my hon. Friend describes. It will provide mentoring and funding of up to £2,000, including a weekly allowance and access to a start-up loan.

Mr Denis MacShane (Rotherham) (Lab): Does the Secretary of State agree with Winston Churchill's formulation that he would

"rather see finance less proud and business and industry"

more confident? Does he think that the grovelling capitulation of his Bullingdon club colleagues to the banks this week really upholds that principle?

Vince Cable: Mr Churchill's views have much to commend them, and they are still relevant in many ways. Certainly, we wish to see manufacturing promoted and finance working in support of it rather than against it.

George Freeman (Mid Norfolk) (Con): The Secretary of State shares my view that the life sciences are a key part of the UK small business sector. Does he share my concern that on the basis of the initial representations from the new local enterprise partnerships, there appears to be a lack of appreciation of the importance of joined-up national work on life sciences? Will he agree to meet me and a delegation from the UK life sciences network to talk about how we can ensure that life sciences are properly built in?

Vince Cable: I would certainly be very happy to meet the hon. Gentleman. As it happens, as part of the growth review, life sciences and related activities are subject to close scrutiny, and I know that my colleague the Minister for Universities and Science is giving the matter a very high priority.

Manufacturing Employment

3. **Mr Jim Cunningham** (Coventry South) (Lab): What steps he is taking to increase employment levels in the manufacturing sector; and if he will make a statement. [33229]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): The jobs summit held earlier this week demonstrates the Government's commitment to a pro-growth, pro-jobs agenda. We are committed to a huge increase in the number of apprenticeships leading to technician status; that will nurture the advanced skills we need in manufacturing, technology, and engineering, which are vital to strengthening our economy.

Mr Cunningham: Will the Minister have a discussion with his colleagues in the Ministry of Defence regarding any joint ventures with the French, so that British companies and British workers get a fare shake in those contracts?

Mr Hayes: The hon. Gentleman was an engineer at Rolls-Royce, and I am sure that he agrees with engineering employers who say that growth is driven by innovation, investment and exports. That is why we are investing £200 million to support manufacturing and business development and £50 million to enhance the manufacturing advisory service, and are setting up a green investment bank. I will certainly take up the challenge that he offers me today, because he, like me, believes that manufacturing in Britain is excellent, deserves praise and has been talked down too long. This Government will give it the boost that it needs.

Robert Halfon (Harlow) (Con): Will the Minister look into replicating around the country the Harlow college and Essex county council apprentice scheme for manufacturing and engineering? Ninety young people have qualified already, and 15 more will start in apprenticeship week this February.

Mr Hayes: Having anticipated that question, I have already had a meeting with my hon. Friend on just that subject, and I am pleased to be able to say that we will look very closely at the work being done at Harlow college, which is an exemplar in so many ways. We will look at how that can be spread across the whole country, providing more opportunity and apprenticeships, and building a Britain that works.

Ian Lucas (Wrexham) (Lab): A strong manufacturing sector needs a powerful digital economy at its core. Does the Minister agree that it would be good for jobs in the digital economy sector for it to be outside the control of the Business Secretary?

Mr Hayes: One of the things about coalition is that it brings together people from different starting points. *[Interruption.]* I have to say that this coalition has convinced me that the Business Secretary's commitment to jobs, apprenticeships, manufacturing and British business is unrivalled in his post, and is certainly considerably greater than that of his predecessors.

Tuition Fees

4. **Sheila Gilmore** (Edinburgh East) (Lab): How many universities he expects to charge £9,000 in tuition fees in 2012-13. [33230]

The Minister for Universities and Science (Mr David Willetts): Universities have not yet set their level of graduate contribution for 2012-13. Any institution in England wishing to charge above £6,000 must have an access agreement approved by the director of fair access. The Office for Fair Access will shortly begin discussions with individual institutions that intend to submit an access agreement under our demanding new requirements. We have always made it clear that £9,000 should be charged only in exceptional circumstances.

Sheila Gilmore: The Minister will be aware of the discussion within the university sector; many universities, especially Russell group universities, have already said that they are likely to charge at the higher level. Even some other universities are saying that to break even, they would need to charge more than £7,000. What modelling did the Department for Business, Innovation and Skills do when presenting its financial calculations to the Treasury, if it does not know the answers to questions that the universities appear to know?

Mr Willetts: We are waiting for universities to approach OFFA; they will have to submit a request to OFFA if they wish to go above £6,000. In our financial modelling, which we shared with the House, we made it clear that on average, replicating the income that universities are getting at the moment would involve fees of around £7,000. Of course, we are expecting universities, just like every other organisation in Britain, to make significant efficiency savings and hold down their costs.

Mr Rob Wilson (Reading East) (Con): My right hon. Friend will remember that under the previous Government a number of higher education institutions were categorised as being at risk of financial failure. In the light of the funding changes taking place, has he updated his risk assessment of the HE institutions at risk?

Mr Willetts: The Higher Education Funding Council for England has always kept an eye on the financial position of universities. As a result of the new revenues that universities will get from graduate contributions, we estimate that it is very possible that at the end of this Parliament universities could well have a higher combined cash income in total from the Exchequer than they do at the moment; that is a sign of our commitment to the strength of British universities.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): Like the Minister for Universities and Science, the Secretary of State says that universities charging the full £9,000 in tuition fees will be the exception. No one independent thinks that that is credible. The Secretary of State also says that university leaders support his plans, yet not one university vice-chancellor supports the 80% cut in

university teaching grants. He cannot even organise a scholarship fund without creating perverse incentives for universities to turn away students from the very poorest backgrounds, so just to get back to being Mr Bean the Secretary of State has quite a long journey ahead of him. Is it not clearer now that the trebling of tuition fees was not fair or necessary, and still has not been properly thought through?

Mr Willetts: The hon. Gentleman is absolutely wrong. It was made clear when the House debated the issue last month that more than half of all vice-chancellors support our proposals, because, given the tough decisions that we have had to take on public expenditure, we have provided them with an alternative source of income, coming not through a quango but through the choices of students, who can be confident that they will have to pay for their higher education only after they have graduated and are earning more than £21,000 a year.

Mr Charles Kennedy (Ross, Skye and Lochaber) (LD): I know that the Minister recognises the force of the point made by the Glasgow university principal, Anton Muscatelli, in his recent article in *The Sunday Times*, about the fact that the decisions in England will inevitably create a funding shortfall for Scottish universities. Will the Minister again undertake to stay closely in touch, on behalf of the UK Parliament, with the Scottish Parliament, which has reconvened the all-party technical working group to look at the matter ahead of the all-important May elections?

Mr Willetts: I have ministerial responsibility for the financing of universities in England only, but the right hon. Gentleman is absolutely right, and we do keep in close contact with the devolved Administrations, because there are significant connections between decisions that we take in England and decisions that they take affecting Scotland and Wales.

Local Enterprise Partnership (North-east)

6. **Grahame M. Morris** (Easington) (Lab): What assessment he has made of the prospects of establishing a single local enterprise partnership in the north-east; and if he will make a statement. [33232]

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): We have received two proposals for establishing local enterprise partnerships in the north-east—one to cover the Tees Valley, which was cleared to proceed last October, and a second that was received recently for one to cover the remaining local authority areas. I can tell the House today that the second proposal meets the Government's expectations, and we are today writing to the partners to confirm that. This means that just 16 weeks after we sought applications, there is complete coverage in the north-east.

Grahame M. Morris: I welcome that announcement and thank the Minister for that information. The Business Secretary controversially abolished our regional development agency, One NorthEast, and the Government parties have cut funding for regional development by two thirds. I welcome the good news for my area, but there are concerns among Opposition Members that in the transition period between the RDAs going out and the LEPs coming in, there will be a problem or a vacuum, and we will not be able to encourage investment or secure the regeneration jobs that we require.

Mr Prisk: Let me assure the hon. Gentleman that we are working very closely both with the outgoing RDA teams, to whom I am grateful for their co-operation and collaboration, and with the incoming local enterprise partnerships. There might be stumbles along the way, because this is a complex path, but I am determined to ensure that we do our best to encourage growth and remove the barriers to growth, especially in the north-east.

Sir Alan Beith (Berwick-upon-Tweed) (LD): I warmly welcome the Government's announcement today that there will be an LEP for the whole north-east apart from Teesside, which already has one, but will the Minister discuss with the Minister responsible for tourism and heritage the transitional problems facing the tourism industry? Its promotional work, uniquely in the north-east, was directly operated by the RDA, One NorthEast, and the business-led alternative will need some transitional help.

Mr Prisk: Given my right hon. Friend's expertise in the area, I would be happy to talk not only to the Minister but to my right hon. Friend himself, in order to ensure that we get the balance right. There is a good opportunity before us, and managing the transition needs a little care and patience, so I shall be happy to work with my right hon. Friend.

Mr Gordon Marsden (Blackpool South) (Lab): My area, in Lancashire, still does not have a local enterprise partnership. Does not that process just confirm that the Secretary of State is still losing the plot on business and growth in England's regions? On 11 November he told the Lunar Society in Birmingham that his LEPs process was "Maoist" and "chaotic", and he repeated that confession to reporters from *The Daily Telegraph* on 20 December. Meanwhile, the Department for Communities and Local Government has just put in a takeover bid for his European money, which is meant to boost regional businesses and growth. Is not his business and enterprise Minister now left like the boy standing on the burning deck, whence all but he have fled?

Mr Prisk: That was a very stretched literary metaphor, if I may say so. *[Interruption.]* No, in spite of the question, the reality is that the Government are working very closely in that area, and as we have demonstrated in the north-east, we are making good progress. I work closely with my colleagues in the Department for Communities and Local Government, as I do with other Ministers, and I am sorry that Opposition Front Benchers have nothing positive to say on this subject.

SMEs (Access to Finance)

7. **John Glen** (Salisbury) (Con): What steps he plans to ensure that small and medium-sized enterprises are able to gain access to finance. [33233]

8. **Christopher Pincher** (Tamworth) (Con): What steps he plans to take to ensure that small and medium-sized enterprises are able to gain access to finance. [33234]

The Secretary of State for Business, Innovation and Skills (Vince Cable): The Chancellor and I are currently in discussions with the banks and are seeking an agreement for them to lend verifiably more than they were planning to viable businesses, especially SMEs. We want more competition in business banking, which is why we have set up the Independent Commission on Banking and we are supporting alternatives to bank lending, such as the equity-based enterprise capital funds.

John Glen: I thank my right hon. Friend for his reply. My constituent Neil Carden recently visited a Department for Business, Innovation and Skills summit. When giving me feedback, he said that despite my right hon. Friend's efforts to improve SME access to finance through the enterprise finance guarantee scheme, the more important issue of the continuing risk-averse culture among banks remains unchecked. Given my right hon. Friend's recent comments about the armoury of weapons he has at his disposal, could he set out which ones he is going to use to tackle that culture and get banks to lend more to small businesses?

Vince Cable: My hon. Friend successfully ran a family business for some years, I believe, so he understands risk management. Clearly, in the banking sector, in many cases banks took extraordinary risks in commercial and domestic property and derivatives. It is right that they should be conscious of risk, but to some extent they have lurched to the other extreme. That is one of the reasons why the Chancellor and I are discussing how to maintain a steady flow of credit to viable enterprises.

Christopher Pincher: May I continue the theme begun by my hon. Friend the Member for Salisbury (John Glen) and tell my right hon. Friend about an SME in Tamworth called Summit Systems? Although that company has never been in debt it is finding it very difficult to access a normal bank loan, and it does not qualify for the £1 million-worth of regional growth fund funding because it does not need that sort of capital. What can my right hon. Friend do to ensure that smaller amounts of funding are made more readily available to organisations such as Summit, and will he encourage the new Greater Birmingham LEP to take these issues very seriously?

Vince Cable: I hope that the LEP will take this matter seriously. My hon. Friend is right to say that the regional growth fund has a limit of £1 million, which precludes small businesses from applying directly. None the less, the company he mentioned and others do have access to, for example, the enterprise finance guarantee scheme. I think that 37 companies in his constituency have already drawn £4 million from that source.

Mr John Denham (Southampton, Itchen) (Lab): In September the Secretary of State said:

> "If banks are saying to us they have got lots of money to spread out on bonuses...at a time when they are constricting credit to small and medium enterprises, then the government may have to use some form of taxation to change their behaviour".

The whole House knows, and has already heard this morning, that small businesses are still finding credit too hard to get and too expensive when they do get it. The Government have given up on bonuses. The chief executive of Lloyds is purported to be getting £2 million after he has left his job, so why is taxation on the banks being cut?

Vince Cable: The right hon. Gentleman was present on Tuesday when the Chancellor gave a very clear statement of our current position in dealing with the banks, and made it very clear that nothing was off the table. However, the right hon. Gentleman is quite right: there is an issue for small-scale business in relation to credit supply as well as lack of demand. We are trying to remedy that through the discussions that we are having.

Mr Denham: The truth is that, for all his hollow rhetoric, the Secretary of State has failed small businesses. He promised that the banks would be taxed more if they did not lend. They are not lending, yet taxes are being cut. He has damaged small businesses with the chaotic abolition of regional development agencies, he has excluded small businesses from the regional growth fund, and he promised to publish a growth plan, but could not do so because his civil servants said there was nothing to put in it. The Minister of State, Department for Business, Innovation and Skills, the hon. Member for Hertford and Stortford (Mr Prisk) is reduced to telling Members of Parliament that they will have to write to the banks to help their small businesses, and now the Secretary of State has lost the part of his Department that supports small businesses in the digital economy for no other reason than that he is not a fit and proper person to take the biggest competition policy decision we will see for years. Everyone knows that he is hanging on to his job by a thread, waiting for the Prime Minister to cut it.

Vince Cable: The right hon. Gentleman has obviously been trying to polish that intervention for the past three weeks; it is getting a bit stale. The simple truth is that if he had read the latest small business survey, he would have seen that rapid growth is taking place and more jobs are being undertaken—300,000 in the past six months, almost all of which are in the small business sector. That is the sector that will drive the British economy forward and achieve the recovery that this Government have achieved.

Simon Hughes (Bermondsey and Old Southwark) (LD): Next week I will meet a small business man in my constituency who runs a plumbing business employing 10 people, and whose current finance is under threat of being removed by a bank. If we do not succeed—as I hope we will—in negotiating continued finance, what remedies are there to allow small businesses to get support in their battle, given that the Government are very clear about this, and that we need the banks to deliver?

Vince Cable: My right hon. Friend is absolutely right; many companies are in that position. He will be aware that the banking taskforce recently produced a whole set of remedies for companies such as the one that he described, which have had bad experiences with banks and wish to pursue an appeal.

Andrew Miller (Ellesmere Port and Neston) (Lab): The Secretary of State will realise that we now have a good opportunity to strengthen the supply chain in the

automotive sector. However, unless he comes out with a clearer policy position on longer-term finance for medium-sized businesses, that will not happen. What is he going to do to strengthen the supply of finance?

Vince Cable: I am aware of the importance of the automobile industry in the hon. Gentleman's constituency, where I have seen the excellent Vauxhall operation. Specifically, we are working through the Automotive Council, of which I think he is aware, and with which all the leading manufacturers in the UK are associated. One of its earliest decisions was on deepening the British supply chain, and several companies have already reported that that process is happening in a positive way.

Mr Sam Gyimah (East Surrey) (Con): I thank the Secretary of State for his answers so far on bank lending. A lot of risky start-up businesses still rely on business angels and friends and family to invest equity. What are the Government doing to plug that equity gap so that people can start up new businesses, employ people and get the economy growing?

Vince Cable: The hon. Gentleman is an authority on this; I think that he was entrepreneur of the future several years ago. We do have the growth funds that provide equity. He may also have noticed that as a result of our discussions with the banks, they have established an equity fund in order to achieve precisely the aims that he describes.

Regional Growth Fund

9. **Ian Austin** (Dudley North) (Lab): When he expects the independent advisory panel to meet to consider applications to the regional growth fund. [33235]

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): The advisory panel is currently expected to meet in late February to consider applications from the first bidding round to the fund—once, of course, the bids have been processed.

Ian Austin: When the panel meets, will the Minister ensure that the west midlands, hit hardest during the downturn and taking the longest to recover, gets the greatest help from the fund? Does he accept that the fantastic work that has been put in by business men in the black country to get our local enterprise partnership off the ground will be seriously hampered if they do not get the funds they need from the regional growth fund?

Mr Prisk: I very much welcome the work that has been undertaken by businesses in the black country, and I pay tribute to them for that. Of course, the regional growth fund has to be based on merit, because it needs to be focused on making sure that the best cases come forward. Like the hon. Gentleman, I suspect that some excellent examples will come forward from his area, and from the west midlands as a whole. Cases must be judged on merit alone.

Margot James (Stourbridge) (Con): The Black Country Reinvestment Society has a very successful record in arranging loans to micro-businesses and small and medium-sized enterprises across the black country. Does the Minister agree that a good way of getting regional growth fund money to small businesses is by enabling grants from the RGF to investment co-operatives such as the BCRS?

Mr Prisk: I strongly agree with my hon. Friend, who is also very expert in this area. We can do this not only through the regional growth fund but by ensuring that we work through, for example, the enterprise finance guarantee, so that small institutions such as community development finance institutions are able to participate, and the micro-loans to which she refers can be extended. I have changed the rules; they can now get involved.

Mr Speaker: I call George Eustice to ask Question 10. He is not here.

Bankers' Bonuses

11. **Mr Chuka Umunna** (Streatham) (Lab): What discussions he has had with representatives of the banking industry on payment of bonuses since 21 December 2010. [33240]

The Secretary of State for Business, Innovation and Skills (Vince Cable): I meet the banks frequently to discuss a range of issues, remuneration being one of them. As confirmed by the Chancellor on Tuesday, he and I are in discussions with them to see whether we can reach a new settlement in which banks show restraint and pay smaller bonuses than they would otherwise have done, and demonstrate greater transparency and disclosure.

Mr Umunna: On 23 November the Business Secretary said:

"Transparency is key to creating confidence in any commitment from our banks to behave more responsibly on pay".

Yet his efforts in Cabinet to implement a City pay and bonus disclosure scheme have come to nothing. On 19 December he was still claiming:

"There is much more disclosure in some other Western countries, and this is something we can do, something I can do."

Yet the Chancellor will not allow him to do anything. Does not the Government's inaction on this issue demonstrate that we have a Business Secretary in office but increasingly out of power?

Vince Cable: The hon. Gentleman tells a very interesting fictional story about Cabinet discussions. On transparency, we have a system of disclosure in this country for directors of public companies, as I am sure he is aware.

Mr Umunna: I was talking about bankers.

Vince Cable: In relation to banking, we are looking in our discussions at how to strengthen the system in line with international practice.

Mr Edward Leigh (Gainsborough) (Con): Does the Business Secretary acknowledge the contribution made to the economy by the 1 million people working in the UK financial sector, who contribute £25 billion in taxes every year, on top of the staggering £54 billion contributed to the UK economy by the financial sector. That is essential for schools and hospitals. Will he defend the sector that he is charged with promoting?

Vince Cable: My hon. Friend is absolutely right. That is a massive sector of the UK economy and it makes a major positive contribution. It is unfortunate, in a way, that its reputation has been so damaged by activities in a handful of banks.

Mr Pat McFadden (Wolverhampton South East) (Lab): The Secretary of State has been right to say that as long as the taxpayer acts as a guarantor of the banking industry, the Government have a legitimate interest in remuneration, specifically in banks in which the state has a large stake. Will he therefore tell the House what he and the Chancellor mean when they say that no option will be taken off the table if the bonus round is not agreed to the Government's satisfaction? In other words, what specific actions will the Government take if they are not satisfied with the outcome of the bonus round?

Vince Cable: The right hon. Gentleman poses the problem absolutely correctly. The reason why bonuses are an issue—they are not one to anything like the same degree in other industries—is that some banks are publicly owned and others are guaranteed. The remedy lies in the work of the Independent Commission on Banking, which reported last year on issues such as generating competition and the possible break-up of particular institutions.

Mr Philip Hollobone (Kettering) (Con): May I say to the Secretary of State that big bank bonuses are entirely inappropriate when lending to small and medium-sized enterprises is not taking place as it should? Only this week I was told of a business franchisee in Kettering who was told by Barclays bank that his account, which had been in credit for five years, would be closed unless he paid an annual fee of £25,000 because of spurious new audit requirements—which, when he looked into it, were completely false. He has been lied to by Barclays bank, and its chief executive should not get a bonus.

Vince Cable: Indeed, it would help if bonuses, where they exist, reflected performance in lending to the good companies that my hon. Friend describes. That is precisely why the Chancellor and I are discussing how we will ensure a proper flow of credit to those excellent enterprises, which are the backbone of our economy.

Gordon Banks (Ochil and South Perthshire) (Lab): We have just heard a lot of drivel from the Secretary of State. The coalition agreement said:

> "We will bring forward detailed proposals for robust action to tackle unacceptable bonuses in the financial services sector; in developing these proposals, we will ensure they are effective in reducing risk."

Will the Secretary of State use his nuclear option to make that happen, or will he dance away from it, in the same way as the coalition has danced away from the net lending targets that were also in the coalition agreement?

Vince Cable: The coalition agreement is a much more eloquent statement of our position than the hon. Gentleman's rather tortured metaphors. It states precisely that we will take robust action on unacceptable bonuses, and that remains our position.

Royal Mail

12 **Katy Clark** (North Ayrshire and Arran) (Lab): Whether arrangements for the privatisation of Royal Mail will enable it to discontinue the use of post offices in favour of other outlets. [33241]

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): Royal Mail and the Post Office are natural partners with a strong existing commercial relationship. As the House heard yesterday, the chief executive of Royal Mail, Moya Greene, has said that it is "unthinkable" that that will not continue after the separation of Royal Mail and the Post Office.

Katy Clark: The Minister will be well aware of the huge concern in the country over the implications of the privatisation of Royal Mail for the post office network. Will he give a simple assurance that not a single post office—not no outlet, but no post office—will close as a direct result of privatisation?

Mr Davey: We had this debate yesterday and I answered that very question. I made it clear, as did Ministers in the previous Government, that it is impossible for a Minister to say that no post office anywhere in the country will close, because 97% of them are run by private individuals, who may decide to sell up or retire. That cannot therefore be required. However, we will not repeat the major closure programmes of the previous Government.

Mr Robin Walker (Worcester) (Con): I recently met the management of the Black Pear credit union in Worcestershire, who warmly welcomed positive noises from the Government about the idea of credit unions working with post offices. Will the Minister update us on the progress that the Government are making with that idea and on the other opportunities he sees for post offices to expand their business in future?

Mr Davey: We are certainly doing that, as we set out in our post office policy document last year. There is a pilot in Glasgow and south Lanarkshire in which pay-out technology is being used in co-ordination with credit unions, and guidance has been given to sub-postmasters about how they can work with their local credit unions.

Hugh Bayley (York Central) (Lab): Hundreds of post offices up and down the country are temporarily closed. If the Minister is really committed to not having closure programmes such as we have seen in recent years, what is he doing to get those post offices reopened, and when will the post office on Walmgate, in York, reopen?

Mr Davey: In my constituency, when I was in opposition and the last Government were in power, a post office was temporarily closed and I worked with Post Office Ltd to get it reopened. We succeeded; the hon. Gentleman should do that.

Higher Education White Paper

13. **Mr David Evennett** (Bexleyheath and Crayford) (Con): What progress he has made on preparations for the higher education White Paper; and if he will make a statement. [33243]

14. **Justin Tomlinson** (North Swindon) (Con): What progress he has made on preparations for the higher education White Paper; and if he will make a statement. [33245]

15. **Nicola Blackwood** (Oxford West and Abingdon) (Con): What progress he has made on preparations for the higher education White Paper; and if he will make a statement. [33246]

The Minister for Universities and Science (Mr David Willetts): We are consulting students, universities and other experts and will publish a White Paper in the early part of this year. It will set out how we will sustain our world-class universities, encourage them to deliver high-quality teaching and improve social mobility.

Mr Evennett: I thank my right hon. Friend. As he knows, a significant number of higher education courses are now being provided at further education colleges. Can he advise me whether the White Paper will build upon that?

Mr Willetts: My hon. Friend was, of course, a lecturer in a further education college, and it is only right that he should remind us of the contribution that FE colleges can make. He is absolutely right, and we do hope to encourage higher education in further education institutions as part of our White Paper.

Justin Tomlinson: In an ever more complex financial world, does the Minister agree that offering additional financial education will give universities a unique selling point in providing quality student support on post-study matters, and therefore should be considered as part of higher education pastoral support in the forthcoming White Paper?

Mr Willetts: My hon. Friend is absolutely right about the importance of people having access to good financial advice. Of course, one thing that students can be advised is that in future, under the coalition's proposals, their monthly repayments on their student loans will be lower than under the current scheme.

Nicola Blackwood: The Institute for Fiscal Studies has found that socio-economic disadvantage has already had an impact on academic outcomes by the age of 11, and that disadvantage explains a significant proportion of the gap in HE participation at 19 or 20. Does the Minister agree that simply expecting universities to bridge educational inequalities once they have become entrenched will not work? If so, how does he intend to work with relevant Departments, such as the Department for Work and Pensions and the Department for Education, and with universities as they develop their access programmes, to try to break the link between socio-economic disadvantage in the early years and HE participation once and for all?

Mr Willetts: My hon. Friend is absolutely right to say that that problem needs to be tackled at all stages of the educational process, in early years, at school and at university. I am pleased to inform the House today of a new initiative, an excellent collaboration between KPMG and the university of Durham, whereby school leavers will go straight into employment with KPMG while also studying at the university, with their fees paid by KPMG. That is an excellent example of the type of initiative that we want to see.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): What assessment has the Minister made of the disconnect between the cuts in higher education funding, particularly in the arts and humanities, and the delayed implementation of the education White Paper, which contains the new funding arrangements? Universities will have cuts before they get the new funding arrangements following that White Paper.

Mr Willetts: As I said earlier, it was clear in the grant letter that we sent to the Higher Education Funding Council for England that over the next few years, as the teaching grant income of universities falls, there will be increased income through the graduate contribution scheme. We believe that by the end of this Parliament, universities could well have a higher total income than they have at the moment.

Mr David Lammy (Tottenham) (Lab): On graduate contributions, can it be right that we are asking students to pay more when some universities have clearly not sorted out their inefficiencies? For example, is it right for Oxford fellows to get a free lunch on the taxpayer?

Mr Willetts: I think that we in the House have to be careful about free lunches. I do not know about the specific arrangements at Oxford, but I agree with the right hon. Gentleman's wider point and appreciate his experience as a Minister in the Department for Business, Innovation and Skills. We are entitled to expect universities to make efficiency savings. There should be more contracting out; they should hold down their pensions costs—there is a lot that universities should do to hold down their costs. They should not simply pass them on to students in higher fees.

David Simpson (Upper Bann) (DUP): Further to the point on universities, how many children of servicemen and women killed on active duty are expected to be eligible for the new university scholarship scheme?

Mr Willetts: We obviously do not know, as the years progress, how many children in those tragic circumstances can benefit. I think some estimates suggest that the figure could be 100 a year at the peak of the scheme. Our commitment to the education of the children of servicemen who sadly lost their lives is an important sign of our commitment to maintaining the military covenant.

Post Office Network

16. **Michael Ellis** (Northampton North) (Con): What representations he has received on his Department's policy on the future of the post office network; and if he will make a statement. [33247]

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): I have received representations on the Government's policy on the future of the post office network from a range of interested

organisations and individuals. We are providing £1.34 billion of funding to modernise the network and to safeguard its future.

Michael Ellis: I thank the Under-Secretary very much for that answer. Under the previous Labour regime, many post offices in Northampton North and throughout the country were forced to close. Will my hon. Friend assure me that the Government will do everything that they can to protect that vital local service and allow it to continue to provide the assistance that it obviously does to so many people?

Mr Davey: I can certainly give my hon. Friend that assurance, not just because we are putting in £1.34 billion but because we are developing new services. I hope that I will be able to make more information on that available to the House in due course. In our policy paper last year, we talked about several pilots, which will go ahead.

Regional Growth Fund

17. **Ian Mearns** (Gateshead) (Lab): When he expects the independent advisory panel to meet to consider applications to the regional growth fund. [33248]

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): I refer the House to the answer that I gave to an earlier, similar question.

Ian Mearns: I would like to press the Minister a little further on tourism. The tourism and hospitality industry employs 20,000 people in Gateshead and Newcastle alone, and we collaborate on an awful lot of work. The industry is therefore important for the entire regional economy. However, with the demise of the regional development agency and cessation of our successful "Passionate people, passionate places" advertising campaign, we have a vacuum. You have already agreed this morning to meet the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith). Will you meet me and other interested Members from the Tyneside area to discuss the future of tourism in our region?

Mr Speaker: Order. I remind the hon. Gentleman that I have not agreed to meet anybody, but perhaps the Minister has. We will soon hear.

Mr Prisk: Perhaps, Mr Speaker, we could travel together to the delights of the north-east. I would be only too pleased to ensure that we make a joint effort, working with my colleague, the tourism Minister, on the matter. The north-east has some marvellous places to visit, although, given that I am a born Cornishman, it was a slight distance for me to travel when I was child. Nevertheless, we need to consider that area carefully and I am happy to accede to the hon. Gentleman's request.

Mr Marcus Jones (Nuneaton) (Con): I would like to bring to the Minister's attention a proposal by the Motor Industry Research Association, which is based on the border of my constituency and that of my hon. Friend the Member for Bosworth (David Tredinnick), to build a new technology park. It aims to attract £250 million in investment and directly create 2,000 jobs in the next 10 years, with 200 in place by 2013. MIRA wants to bid for regional growth funding shortly to facilitate that project. Will the Minister agree to meet representatives of MIRA to discuss that exciting proposal for the east and west midlands?

Mr Prisk: Clearly, all applications need to go through the appropriate regional growth fund process, but I am always happy for my Department to receive the information on excellent private projects such as the one to which my hon. Friend referred.

Small Businesses (Assistance)

18. **Miss Anne McIntosh** (Thirsk and Malton) (Con): What steps his Department is taking to increase economic growth through the provision of assistance for small businesses. [33249]

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): On 5 January, the Prime Minister announced plans to overhaul the Business Link website, provide a national contact centre, establish a network of business mentors and launch the business coaching for growth programme. This is in addition to the enterprise finance guarantee, providing £200 million more in equity funds and extending and improving the manufacturing advisory service.

Miss McIntosh: I thank the Minister for that particularly helpful answer. I am concerned about local enterprise partnerships and the transition period, and about whether the businesses, particularly rural businesses in north Yorkshire that currently benefit will lose out in the interim.

Mr Prisk: There are two aspects to how we ensure that small businesses are helped. The first is the online offer and the modernising and improving of what is available in businesses' own premises so that they can access the information they need. The second is the quality of business-to-business advice. We think that the people with real business experience—business-to-business mentors—are the best answer, which is why I am proud to stand at the Dispatch Box and say that already, six months ahead of launch, we have identified 40,000 experienced business people who have offered to provide precisely that kind of help.

Keith Vaz (Leicester East) (Lab): One of the problems that small businesses have is the acquisition of premises. If the Minister would care to walk down the Melton road in Leicester with me, he would see a very vibrant area, but a lot of empty shops. What can be done to assist local businesses in acquiring premises?

Mr Prisk: I would be delighted to walk down the Melton road with the right hon. Gentleman, although my travel diary is beginning to get a little pressed. The crucial opportunity here comes from the local enterprise partnerships and removing barriers to growth. The business and civic communities in those cities and areas are best placed to identify where the pressure is and to talk to the landlords and municipal authorities involved. That is why we want to ensure that LEPs make a real difference in removing the barriers to growth.

Topical Questions

T1. [33251] **Rehman Chishti** (Gillingham and Rainham) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Business, Innovation and Skills (Vince Cable): My Department is the Department for growth, and has a key role in supporting business to deliver growth, in rebalancing the economy by bringing enterprise, manufacturing, training, learning and research closer together, and in the process creating a stronger, fairer British economy.

Rehman Chishti: Business leaders in my constituency are concerned about the effects of rising costs, such as fuel prices. What support is being given to businesses to help them with such pressures in these difficult times?

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): In response to the business question, the crucial issue is ensuring that we deal with issues within our purview—in other words, cutting corporate taxes and dealing with business rates, which we plan to do. On the fuel question, which I understand as a former businessman, we are monitoring the situation closely and will bring back our proposals on the fair fuel stabiliser in due course.

T4. [33254] **Mr Tom Watson** (West Bromwich East) (Lab): The House will have noticed in recent weeks the Secretary of State's remarkable transformation from Chairman Mao to Mr "Has Been". Will he tell me how he is enjoying the long march of government?

Vince Cable: That must be about the 10th repetition of that joke. It was nothing like as good as my original.

T2. [33252] **Tom Brake** (Carshalton and Wallington) (LD): Over the Christmas and new year period, some of my constituents received no post for up to a fortnight. Does the Minister agree that this is not acceptable, and could he talk to the Royal Mail about whether residents should be allowed to present themselves at a sorting office, providing they have identification, to collect mail that has been stockpiled there?

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): I am grateful to my hon. Friend for raising this matter with me; it was the first time I had heard about it. Although it is an operational matter for Royal Mail, there are certain procedures it must adhere to. For one, it must ensure that the right letters and parcels get to the right people. Of course, in normal circumstances, a "sorry you were out" card is left for the person, if they are out, after which they go and show their identification. However, it seems common sense that in exceptional circumstances, when Royal Mail cannot deliver, an individual should be able to go to their local delivery office. I know that my hon. Friend has contacted Royal Mail to raise this issue. I have looked into it overnight, and it appears that that particular office has experienced high levels of sickness in recent weeks. However, I will liaise with him on the matter.

T5. [33255] **Nick Smith** (Blaenau Gwent) (Lab): The new enterprise tsar, Lord Heseltine, said in Cardiff this week that 400,000 new jobs will be created in the private sector in the next five years. Will the Minister tell us how many of these jobs will be created in Wales?

Vince Cable: The Welsh position with respect to regional development is different from the position in England, but I will be going to Wales shortly, together with the Secretary of State for Wales, to talk about how we can promote manufacturing and enterprise there.

T3. [33253] **Paul Maynard** (Blackpool North and Cleveleys) (Con): Last night I had the pleasure of meeting three community learning champions from Blackpool at an event promoted and organised by NIACE—the National Institute of Adult Continuing Education—but funded by this Department. Does the Minister of State agree that money spent on informal adult learning needs to be valued and assessed for the benefits that it brings, because of its life-changing impact, and that money spent on informal adult learning is money that does not need to be spent on either the welfare system or social care?

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): I think it was Yeats who said that education is lighting a fire, not filling a pail. I want the light of adult learning to burn brightly across the whole of Britain, which is why, against expectations and the predictions of our critics, we protected the adult learning budget, of more than £200 million, in the spending review. That light will burn as long as we are in government, and as long as I am the Minister.

T7. [33257] **Mr Chuka Umunna** (Streatham) (Lab): The Business Secretary campaigned under the slogan "A fair banking system—change that works for you". Eric Daniels, the outgoing CEO of the part-publicly owned state banking group Lloyds, will reportedly be taking home a package of £4 million in the current pay round—£2 million by way of bonuses and £2 million by way of incentives. Does the Business Secretary regard that as acceptable, and if not, what action will he be taking?

Vince Cable: I am amazed that Opposition Members keep dragging up issues relating to the contracts of senior executives in the semi-nationalised banking sector that they negotiated without proper support for the companies to which they are due to lend.

T6. [33256] **Stephen Barclay** (North East Cambridgeshire) (Con): Phoenix trading, whereby directors in financial difficulty set up a new business and then buy back their assets at a knock-down rate—that is, for less than the bad debts that they walk away from—is a serious issue for small businesses that supply those goods in good faith, both in my constituency, and, I am sure, those of many other Members. In reply to my parliamentary question, the Government said that no legislation was planned, but what comfort can they provide to small businesses? Will the Minister meet me to discuss the various tools that his officials could use to provide such comfort?

Mr Davey: I am grateful to the hon. Gentleman for raising this matter. Pre-packs, which is the name of the process that he is talking about, are a way of dealing

with companies that are already insolvent. In some circumstances they can work well. However, I recognise the concerns that he has raised about the process, especially when the sale is backed to connected parties, such as the phoenix-type companies that he talked about. I am currently considering the responses to a consultation that the previous Government held on improving transparency and confidence in the pre-pack approach to administration. I plan to make an announcement on that in the near future, and I would certainly be happy to meet him.

Kelvin Hopkins (Luton North) (Lab): My hon. Friend the Member for Luton South (Gavin Shuker) and I have been in correspondence with the Secretary of State about the future of the General Motors van plant in Luton. I thank him for his reply, which we received this week. It seems from press reports that, as of yesterday, there are still uncertainties about the future of the van plant. Will he now intervene directly with the company to ensure that a new vehicle comes to Luton for the period after 2013?

Vince Cable: Yes, I know that this is an extremely important part of the British car industry, indeed, it is a highly productive and successful one. I have spoken to Mr Reilly about the issue, and I think that this part of the industry has a very good future.

T8. [33259] **Andrew Bridgen** (North West Leicestershire) (Con): Does the Secretary of State agree that although the 50p rate of tax may be necessary in the short term, it will have a detrimental effect on economic growth in the UK in the medium to long term? It scares away foreign investors, acts as a disincentive for home-grown entrepreneurs to start businesses and offers a massive incentive for some of our brightest and best business brains to leave this country and pay less tax elsewhere.

Vince Cable: When I was in opposition I spent quite a lot of political energy arguing against a 50p tax rate. However, in the present context we have to understand that the burdens of the very difficult period through which we are passing have to be shared fairly, and that is why the tax remains in place.

Stephen Timms (East Ham) (Lab): What assessment has the Department made of the impact on competitiveness, particularly in rural areas, of the delay, from 2012 to 2015, in the target date for a universal broadband service?

Vince Cable: I think that that is a question that the right hon. Gentleman may now wish to direct to my colleagues in the Department for Culture, Media and Sport.

T9. [33260] **Michael Ellis** (Northampton North) (Con): The competition for university places becomes more intense every year, as increasing numbers of young people apply for university. The Minister visited Northampton college in my constituency during the recent election campaign. Can he elaborate on any plans that would allow students to study for a degree or do a vocational course at their local college, such as Northampton college, rather than applying for university?

Mr Hayes: I enjoyed my visit to Northampton college. It was not the first time that I had been there and I am delighted that my hon. Friend continues to champion its cause. We are determined to drive up the status of vocational qualifications and colleges play a vital role in that. Like my hon. Friend, I also want more HE taught in FE, because that is a key way of widening access to those who currently do not benefit from a university or from higher learning.

Kevin Brennan (Cardiff West) (Lab): I was a former competition Minister in the Department for Business, Innovation and Skills, so will the Secretary of State tell me whether he regards the conversation he had with journalists before Christmas about the BSkyB case as a serious breach of the ministerial code?

Vince Cable: I did indeed express regret for the comments made, but they were not considered to be a breach of the ministerial code.

Mary Macleod (Brentford and Isleworth) (Con): The businesses of London play a key role in building a strong economy for the future. Will my right hon. Friend meet me and a west London business to talk about challenges and priorities and how to create new jobs and growth for the future in west London?

Mr Prisk: My travel diary is beginning to grow a little, but west London is a little closer and I would be happy to meet my hon. Friend and the businesses in her area.

Stewart Hosie (Dundee East) (SNP): In my Dundee East sorting office, the deployment of the Royal Mail's "Way Forward" system has been described variously as shambolic and chaotic. Hundreds of people have complained directly through my office. Even this morning, one constituent was waiting on parcels sent on 6 December, which is quite unacceptable. Is the Minister aware of this problem? What has he done and what discussions has he had with Royal Mail? Will he assure the House that the "Way Forward" system will not be implemented in any other large sorting offices until each and every one of these problems is resolved?

Mr Davey: I am grateful to the hon. Gentleman for raising this point, of which I am aware. Royal Mail accepts that there were initial problems with establishing the new delivery system in the Dundee East delivery office and I am sure that it will learn from them. Following a review, a recovery plan was put in place, but I am afraid that the severe weather hindered it. Royal Mail has apologised for the disruption to services and taken a range of measures as a matter of urgency to ensure that households and businesses in Dundee East receive all their mail. For example, 70 extra staff and managers have been drafted in to help the recovery following a major push last weekend. I hope that the hon. Gentleman will be able to report back to me that his constituents and businesses are seeing an improvement.

Julian Smith (Skipton and Ripon) (Con): May I pay tribute to the excellent work of the Minister of State, Department for Business, Innovation and Skills, my hon. Friend the Member for Hertford and Stortford (Mr Prisk) and the Under-Secretary of State for Business,

Innovation and Skills, the hon. Member for Kingston and Surbiton (Mr Davey), in reducing the burden of red tape on British small businesses? Will they update me on progress made in one of the biggest areas of burden – that of employment law – and on any exciting steps that might be taking place in the coming weeks?

Mr Davey: My hon. Friend will know that we have today announced the abolition of the default retirement age, which is a deregulatory measure. In the very near future we hope to announce the next stage of our employment law review, and I am sure he will welcome that.

Steve Rotheram (Liverpool, Walton) (Lab): In a letter to the Prime Minister, my right hon. Friend the Member for Southampton, Itchen (Mr Denham), the shadow Secretary of State for Business, Innovation and Skills highlighted the confusion relating to ministerial responsibilities, following the comments by the Secretary of State on the issue of BSkyB. Does the right hon. Gentleman regret the loss of these responsibilities to his pro-Murdoch colleague?

Vince Cable: I can indeed explain the allocation of responsibilities. The responsibility for competition and policy relating to media broadcasting, digital and telecoms lies with the Secretary of State for Culture, Olympics, Media and Sport. Our two Departments have worked together very closely in the past and will continue to do so. The precise allocation of responsibilities will be set out in a written ministerial statement very soon.

Jake Berry (Rossendale and Darwen) (Con): Will the Minister update the House on what steps his Department is taking to encourage investment in industrial small and medium-sized enterprises in east Lancashire, which are so vital to job growth in my Rossendale and Darwen constituency?

Mr Prisk: I am pleased to say that we are not only going to extend the manufacturing and advisory service for all businesses, including the excellent ones in my hon. Friend's constituency, but improve it so that we can help the productivity and competitiveness of small businesses in Lancashire and, indeed, across the country.

John Cryer (Leyton and Wanstead) (Lab): The Business Secretary continually tells us that the economy is steaming along very nicely and that everything is wonderful. If that is the case, why are wage settlements running at a rate far below price inflation?

Vince Cable: The British economy is indeed recovering. It was in an appalling state, but economic growth is now strong. It will become stronger as a result of the work that the Government are doing in stabilising finances, and real wages will appreciate on the back of that.

Fiona Bruce (Congleton) (Con): We have heard today about some excellent initiatives involving skills training, apprenticeships and mentoring for business. What concerns me is that many owners and managers of small and medium-sized enterprises spend their days with their heads down, concentrating on their businesses. What we need to do is communicate the opportunities to them. What can the Minister do to reassure me that the 4,000 SME owners in my constituency will hear about those initiatives?

Mr Prisk: Not only have we put the information online, but we are working through the excellent trade bodies representing small businesses to feed it out to them. I urge Members, when talking to members of the small business community, to tell them what is being done to help their businesses to grow and prosper. That is the job that we need to do, and I hope that Members will support us in the task.

Chris Leslie (Nottingham East) (Lab/Co-op): It is clearly embarrassing for the Business Secretary that he has failed to deliver robust action on banker bonuses and to deliver the net lending targets. If he cannot persuade the Chancellor to fulfil those coalition agreement promises, will he resign?

Vince Cable: That is an utterly absurd question. The hon. Gentleman knows that after the massive banking crisis that happened under the last Government as a result of poor supervision of an overweight banking sector, this Government are trying to introduce measures to make it more stable and to contribute to the real economy. That will happen; it did not happen under the last Government.

Zac Goldsmith (Richmond Park) (Con): Following the coalition's commitment to phasing out fossil fuel subsidies via the Export Credits Guarantee Department, has any progress been made on agreeing a definition of such subsidies?

Mr Davey: I believe that officials are discussing the matter with other Departments that are involved in it. I will certainly write to the hon. Gentleman.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): The cuts in higher education funding will begin at the beginning of the next financial year, in April 2011. The university year will not end until the summer, and the new income streams from tuition fees will not arrive until some indeterminate time in the future. There is a disconnection in the cash flow to higher education. What is the Minister doing to prevent it from damaging higher education?

The Minister for Universities and Science (Mr David Willetts): As I explained earlier, we are of course providing an alternative source of income for universities as graduate contributions come in. There will be a reduction in the teaching grant in the coming year, just as there will be public expenditure savings across many Departments, but universities will be able to go through that period, and we expect that at the end of the current Parliament, they will have a higher total income than they have at present.

Business of the House

11.23 am

Hilary Benn (Leeds Central) (Lab): Will the Leader of the House give us the forthcoming business?

The Leader of the House of Commons (Sir George Young): The business for the week commencing 17 January will be as follows:

MONDAY 17 JANUARY—Second Reading of the Localism Bill.

TUESDAY 18 JANUARY—Remaining stages of the Fixed-term Parliaments Bill.

WEDNESDAY 19 JANUARY—Opposition Day [9th Allotted Day]. There will be a full day's debate on education maintenance allowance which will arise on an Opposition motion, followed by a motion to approve a Statutory Instrument relating to proscribed organisations.

THURSDAY 20 JANUARY—Motion relating to the future of the horse racing levy, followed by a general debate on improving life chances for disadvantaged children. The subjects of both debates were nominated by the Backbench Business Committee.

FRIDAY 21 JANUARY—Private Members' Bills.

The provisional business for the week commencing 24 January will include

MONDAY 24 JANUARY—Continuation of consideration in Committee of the European Union Bill (Day 2).

TUESDAY 25 JANUARY—Continuation of consideration in Committee of the European Union Bill (Day 3).

WEDNESDAY 26 JANUARY—Continuation of consideration in Committee of the European Union Bill (Day 4).

THURSDAY 27 JANUARY—Second Reading of the Scotland Bill.

I should also like to inform the House that the business in Westminster Hall for 27 January will be a debate on a Communities and Local Government Committee report entitled "Beyond Decent Homes".

Hilary Benn: I thank the Leader of the House for his statement, and may I wish all Members and you, Mr Speaker, a very happy new year?

After a week in which the Government have made it clear that while they will act to make it easier for people at work to be sacked, they will not act on bankers' bonuses—as we have just heard—thereby breaking a pledge on the very first page of the coalition agreement. May we have a debate on "all in it togetherness" so that the House can discuss just how let down by this Government the British people feel?

On Monday, the Leader of the Opposition proposed that last year's bonus tax, which raised more money than the Government's levy, be applied again. On Tuesday, the Chancellor, in what was a truly dismal performance at the Dispatch Box—it was all waffle and wind—had nothing to say about what will actually be done to tackle unacceptable bonuses. Therefore, as the Chancellor is not up to the job, and as the Deputy Prime Minister is not much better—his contribution this week was to ask banks to be

"sensitive to the public mood"—

may we have a statement from the Prime Minister? After all, it was he who made an unequivocal pledge that if bankers

"decide to pay themselves big bonuses...they should know"

that a Conservative Government will step in. He also promised that in banks where the taxpayer has a large stake, no cash bonus would be more than £2,000. Yet yesterday we learned that the boss of Lloyds—which has a 41% taxpayer stake—is in line for a bonus not of £2,000 but of £2 million. What is going to be done about this? What is the Prime Minister waiting for? When is he going to act?

Surely it cannot be that the Prime Minister is afraid about the use of nuclear weapons. I do not mean to start the year on a downbeat note but, as we know, just before Christmas the Business Secretary, who has now left the Chamber, revealed that being in the coalition was like fighting a war:

"They know I have nuclear weapons, but I don't have any conventional weapons. If they push me too far then I can walk out of the Government and bring the Government down."

Of course we on the Opposition Benches wish the Business Secretary every success in this endeavour, but it does not say much for the unity of the coalition.

On which subject, the Business Secretary also had this to say—same interview, same bogus constituents—about broken promises:

"They"—

he is referring to his Cabinet colleagues—

"made a pledge not to do anything about universal child benefit. Cameron had personally pledged not to do it, so they had to bite this bullet...they haven't yet done winter fuel payments, but that's coming, I think."

May we have a statement to confirm whether the Business Secretary was right in inadvertently telling pensioners that a reduction in their winter fuel payments is coming?

As we know, the main consequence of the Business Secretary's comments on the other war he has been engaged in—the one with Rupert Murdoch—was that his responsibilities for media and broadcasting policy were instantly taken away from him. Yet as we have just heard, getting on for a month later there has still been no detailed statement clarifying exactly what areas of policy and which staff have been moved. One result, as you heard earlier this week, Mr Speaker, is that the Table Office is unsure where questions should be directed. This is clearly unsatisfactory and unacceptable, so will the Leader tell us when we can expect a statement on who is responsible for what?

The latest broken pledge is on VAT. It went up to 20% last week, even though before the election the Prime Minister could not have been clearer when he told the British people:

"Our plans don't involve an increase in VAT."

May we therefore have a debate on why—first it was education maintenance allowance, then it was child benefit, then it was top-down reorganisation of the NHS, then it was tuition fees, then it was cuts to front-line services, and now it is VAT—the Government have broken one promise after another? Is it any wonder that public confidence in the Government is draining away, because they cannot keep their word, their members are at war with each other, and they cannot find the bottle to deal with the banks?

Finally, as it is the new year, on a consensual note, will the Leader of the House tell the House whether the Government plan to make a submission to the Independent Parliamentary Standards Authority consultation?

Sir George Young: May I begin by reciprocating the right hon. Gentleman's very good wishes for the new year, and join him in extending those to you, Mr Speaker, and the whole of the House?

We will take no lectures from the Opposition about the banks, because the regime that is currently operating is the one we inherited from them. The right hon. Gentleman was a member of the Government who signed the contract with RBS, obliging it to pay market-based bonuses this year. We regard that framework as wholly unsatisfactory and so we are changing it. We have introduced the most stringent code of practice for any financial centre in the world; we have replaced Labour's one-off tax on bonuses with a permanent levy on the banks; and, as he will have heard from the Chancellor on Tuesday, we are looking for a fresh settlement with the banks on bonuses, on lending and on transparency. With us nothing is off the table; with the Opposition there is nothing on the table. The shadow Chancellor gave a dismal performance on Tuesday, failing to mention the initiative announced on Monday by his leader: the wish for a permanent tax on the bonuses. That did not feature, in any way, in the shadow Chancellor's response. Is this evidence of a further rift between the shadow Chancellor and the Leader of the Opposition?

The second point made by the shadow Leader of the House related to the secret taping of Liberal Democrat Members, and I think that Members on both sides of the House should be concerned about the tactics that were used. I think that journalists posing as constituents, raising fictitious cases with MPs and taping them without their knowledge all risks prejudicing the relationship between a Member of Parliament and his constituent at his advice bureau. *[Interruption.]* This does not seem to me to be responsible journalism—*[Interruption.]*

Mr Speaker: Order. The hon. Member for Cardiff West (Kevin Brennan) should not be yelling across the Chamber at the Leader of the House; it is very discourteous and very uncharacteristic of the hon. Gentleman.

Sir George Young: On the substance of the stories, what was reported and what the shadow Leader of the House just mentioned were absolutely nothing compared with what Labour politicians have been saying about their colleagues behind their backs over the past 10 years. Indeed, just before Christmas it was reported that a Labour insider had said:

"Ed Miliband's team are terrified of Ed Balls and Yvette. They think they're going to come and try and kill him. And the reason they think that is because they will."

Whatever my colleagues said to *The Daily Telegraph*, at least there were no death threats.

We are committed to making winter fuel payments. On the machinery of government, I believe that the shadow Leader of the House was in the Chamber to hear the Business Secretary answer that specific question. The answer is that the details of the change will be set out to Parliament in the usual way and in full.

Hilary Benn: When?

Sir George Young: Shortly.

I was asked two more questions, one of which was about VAT. May I remind the right hon. Gentleman of what his party said about VAT before the election? The shadow Home Secretary has said:

"ultimately we made no hard commitment on VAT. That was partly the traditional caution of governments, wanting to keep options open."

When pressed on this, the then Chancellor, the right hon. Member for Edinburgh South West (Mr Darling), has said:

"The advantage of VAT is it brings in a lot of money. It would have allowed you to have done you know a lot to take down the deficit".

So it ill behoves Labour Members to criticise us for what we have done on VAT.

Finally, on IPSA, I am a statutory consultee—as Leader of the House—under the relevant legislation, so I will indeed be submitting evidence to IPSA in due course.

Mr David Nuttall (Bury North) (Con): May we have a statement on the Government's plans, contained in the coalition agreement, to allow petitions with more than 100,000 names to be debated in this House?

Sir George Young: I thank my hon. Friend for reminding the House that the coalition agreement contains that commitment to introduce e-petitions, with those that reach a certain level—100,000 names—becoming eligible for a debate in the House. That is an important step in building a bigger and stronger bridge between this House and those we represent. I have already had some informal discussions with the Procedure Committee about this and I will have further discussions, both with that Committee and with the Backbench Business Committee. I think that this would be a very appropriate subject for the House to debate, if it wished to do so.

Albert Owen (Ynys Môn) (Lab): May we have a debate in Government time on the Government's proposals to close coastguard stations across the United Kingdom? This approach goes against the grain of localism. This centralisation has the potential to put lives at risk and to do away with local expertise, so may we have an urgent debate on it?

Sir George Young: I understand the hon. Gentleman's concern, which I know is shared by others and which was raised at Prime Minister's questions yesterday. I shall draw his concern to the attention of the Secretary of State for Transport, who has responsibility for this matter. It might be an appropriate subject on which the hon. Gentleman can seek an Adjournment debate.

Mr Peter Bone (Wellingborough) (Con): This Government have put Parliament first much more than any previous Administration. Select Committees are elected, the Chairmen of Select Committees are elected, we have the Backbench Business Committee and Conservative Members have free votes in Committee. The one thing that is still causing some concern is

[Mr Peter Bone]

programme motions, which would be resolved by having the House business committee. What progress is there towards that?

Sir George Young: We made a commitment that the previous Government refused to make, namely to introduce a House business committee within three years of this Parliament. I want to evaluate the work of the Backbench Business Committee at the end of its first year and then to take forward the discussions on how we might roll that into a House business committee that would embrace both the Backbench Business Committee and the Government business managers.

Clive Efford (Eltham) (Lab): May we have a statement from the Secretary of State for Transport on readiness for future spells of severe cold weather, snow and ice? We had the report from David Quarmby, published on 21 December, on the response to the previous spell of cold weather. My constituents suffered chaos on Network South East during the recent period of bad weather, and it is right that this House should hear a statement on what the Government are doing to ensure that we do not have that chaos again in future.

Sir George Young: I am grateful to the hon. Gentleman. He will know that the Secretary of State made a statement just before we rose for the Christmas recess. The country is, I think, in a much more resilient position this winter than in the past couple of years, but we are not complacent. The Secretary of State, in a written statement on 21 December, informed the House of the publication of the report to which the hon. Gentleman just referred. The Secretary of State undertook, on behalf of his Department, to do further work on how well highways authorities and transport operators in England coped with the cold weather between 24 November and 9 December. I cannot promise a statement, but I know that the Secretary of State will want to keep the House informed.

Bob Russell (Colchester) (LD): The Government say that they wish to help disabled people back into work. May we have a debate to contrast the rhetoric with the reality? It is quite clear to me that those who are responsible for the disability living allowance and for Motability and those who conduct tribunals—such as the judge in one such case in Colchester—can show a lack of compassion, understanding and common sense. I have a constituent who will lose his job next week. Mr Robert Oxley is a married man with four children who lost the use of both legs in a motorcycle accident but is no longer deemed to be a suitable person to have a Motablity car. He will thus lose his job, and the burden on the financial purse—you know this, Mr Speaker, because I have given you the details—will be greater than the cost of keeping him in work. May we have a debate to discuss such cases?

Sir George Young: I will certainly be happy to raise with the Secretary of State for Work and Pensions the specific instance that my hon. Friend has mentioned. I think we are still operating the regime that we inherited—I do not think the changes have yet been made. When we propose changes to the DLA, that will require primary legislation and will lead to an opportunity for debate in this House.

Helen Goodman (Bishop Auckland) (Lab): This morning, the Secretary of State for Justice announced the first prison closure programme since the second world war. He briefed the press before he made his written ministerial statement and that briefing took place only 24 hours after Justice oral questions. That follows the Ministry of Justice's failure to make a statement on the prison riots. These are important matters. Will the Leader of the House encourage his colleagues in that Department not to be quite so evasive?

Sir George Young: My right hon. and learned Friend was at this Dispatch Box on Tuesday, answering questions on behalf of his Department. He issued a written statement, to which the hon. Lady referred, on closing three prisons, one of which is a 13th century castle, and set out the reasons why. I very much regret that that written ministerial statement may have leaked to one particular paper. My right hon. and learned Friend set out the reasons why the closures were the right thing to do, referred to the increased capacity that is coming on stream and confirmed that there is the capacity, even with these closures, to cope with those likely to be sentenced by the courts.

Mr Lee Scott (Ilford North) (Con): Will my right hon. Friend allow a debate about the continued plight of the Tamil people in Sri Lanka? It is not only about the oppression they have experienced; they now have to take into the account the floods that have hit the country.

Sir George Young: I very much welcome the work that my hon. Friend does in this respect. We have encouraged the Sri Lankans to ensure that the lessons learned and reconciliation commission produces recommendations that address all the past allegations to which my hon. Friend refers and encourages all communities in Sri Lanka to live peacefully together.

Mr John Spellar (Warley) (Lab): Will the Leader of the House arrange for a statement or debate on today's announcement about charging those who use the Child Support Agency? Members across the House will have had experience of constituents who have been affected by that shocking agency, which has targeted those in regular work, done little about those who evade their responsibilities and been shockingly inefficient in its handling of cases. To charge for that service would be a stealth tax and would add insult to injury.

Sir George Young: I hope that the right hon. Gentleman recognises that the written ministerial statement that the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Basingstoke (Maria Miller), put out this morning takes forward work started by the previous Government to move work away from the failed CSA and to promote conciliation. The Green Paper is a consultative document, and at the end of her written ministerial statement, my hon. Friend states:

"I welcome your contribution to this important piece of reform to the Child Maintenance system."

I encourage all those who have opinions on what the Government suggest to take the opportunity to respond to the consultation document.

Mrs Anne Main (St Albans) (Con): May we have an urgent debate on the state of Britain's roads? After the parlous weather we have had for the past three years, the potholes and the state of road surfaces in heavily utilised areas such as mine around St Albans are an absolute disgrace because of the historical underinvestment.

Sir George Young: Some roads will be Highways Agency roads but others will be the responsibility of the county council. There is a debate this afternoon in Westminster Hall on the consequences of the comprehensive spending review on local government; my hon. Friend might have an opportunity to take part in that debate and raise her concerns with the relevant Minister.

Thomas Docherty (Dunfermline and West Fife) (Lab): Yesterday morning, the Department for Environment, Food and Rural Affairs issued a press release notifying us for the first time that the H1N1 influenza virus had been found in poultry in the United Kingdom, but no announcement has been made to the House through either written or oral statement, and nor has the Select Committee on Environment, Food and Rural Affairs been notified of this very serious matter. Will the Leader of the House make urgent inquiries to find out why the Secretary of State for the Environment, Food and Rural Affairs does not respect the House?

Sir George Young: My right hon. Friend does respect the House, but I will ensure that the hon. Gentleman's question is communicated to DEFRA immediately and that my right hon. Friend takes any appropriate action to keep the House in the picture.

Dr Andrew Murrison (South West Wiltshire) (Con): May we have a statement on civil unrest in Tunisia and Algeria? The Maghreb now counts as our near abroad and there are worrying signs that al-Qaeda and its spin-offs and fellow travellers are profiting from the current dire situation, which has clear implications for the United Kingdom.

Sir George Young: I understand my hon. Friend's concern. I cannot promise him an immediate debate but there will be an opportunity on 1 February to raise questions with the Foreign and Commonwealth Office. In the mean time, I shall pass on his concerns to the Foreign Secretary and ask my right hon. Friend to write to him.

Steve McCabe (Birmingham, Selly Oak) (Lab): Does the Leader of the House agree that we ought to have a debate on the misuse of council tax payers' money by council leaders such as Mike Whitby in Birmingham? He forced Birmingham taxpayers to pay a bill of more than £3,500 for his accommodation, meals and a rather large drinks bill during a five-day binge at the Tory party conference in 2008. Should we not have an urgent debate on that misuse of public money?

Sir George Young: I have to say that that is a game that more than one party can play. I hope the hon. Gentleman will support what we are doing to promote transparency in local government expenditure and to oblige local government to report all details of expenditure. We believe that that transparency will reduce any abuse by any party of local government expenditure.

Mr Gary Streeter (South West Devon) (Con): Given that Air Southwest, which is now owned by Eastern Airways, has this week decided to close the vital air link between Plymouth Newquay and London Gatwick, with no consultation with the local community, may we have a statement from the Transport Secretary on the coalition's strategy on regional airports? Is it not right that Eastern Airways should discuss the decision with the local community, because the link is a hugely strategic one?

Sir George Young: I well understand the importance of that link for my hon. Friend's constituents and many others in the south-west. I shall try to arrange a meeting between him, other local Members and a Transport Minister to see whether this issue can be pursued.

Mr Tom Watson (West Bromwich East) (Lab): Very large machinery of Government changes were announced before Christmas, but this morning the Business Secretary could not tell the House which areas of policy he was responsible for. It is not unreasonable to ask the Leader of the House for a debate on those changes, not least because the Select Committee on which I sit does not know what work to scrutinise and for which areas it is responsible.

Sir George Young: I think the shadow Leader of the House asked not for a debate but for a written ministerial statement on exactly which responsibilities have been transferred. As I said a few moments ago, such a statement will be made very shortly.

Joseph Johnson (Orpington) (Con): Is it possible for the House to debate the lamentable value for money of commuter rail services provided by Southeastern? Its fares have just risen by a higher rate than any other operator in the country to the outrage of my constituents in Orpington and doubtless those of many other MPs in the franchise region.

Sir George Young: I understand my hon. Friend's concern on behalf of his constituents. There will be questions to the Secretary of State for Transport on 27 January, but in the mean time, he and other Members for south-east London might like to apply for a debate in Westminster Hall or an Adjournment debate. Let me say finally that the comprehensive spending review provided a generous settlement for rail investment. That has to be funded and I think it is legitimate to look to travellers to pay their part in funding that investment.

Kate Green (Stretford and Urmston) (Lab): May we have a debate on the overall impact of Government policy on disabled people and their families? Some constituents came to see me last Friday, very concerned about a range of policies on employment, benefits, social care and local authority services. Will the Leader of the House consider which of his Front-Bench colleagues could respond on behalf of the whole Government to reflect the cumulative impact of the changes on disabled people and on those who care for and love them?

Sir George Young: I understand the hon. Lady's concern. The Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Basingstoke (Maria Miller), has overall responsibility for disability, but we have put an extra £2 billion into social care between now and 2014-15 and it strikes me that the subject that the hon. Lady raises is suitable for a Back-Bench debate. The next time the Backbench Business Committee holds one of its Monday sessions, she might like to go along with colleagues and put in a bid for such a debate, which I think would be broadly welcomed on both sides of the House.

Nadhim Zahawi (Stratford-on-Avon) (Con): Now that the country has been pulled back from the brink of bankruptcy, may we have a debate on the bank bail-outs? Small and medium-sized businesses in my constituency are asking me why, at the pivotal moment when we bailed out the banks, we did not get them to agree to lend to small and medium-sized businesses.

Sir George Young: This specific issue was addressed in my right hon. Friend the Chancellor's statement on Tuesday. He made it clear that in the discussions we are having with the banks there have to be verifiable increases in bank lending over and above what they would otherwise have lent. The Opposition failed to secure that assurance when they were in government, but we are determined to secure it because it is vital in promoting growth and prosperity.

Mr Ben Bradshaw (Exeter) (Lab): May we have a debate on schools funding, particularly the application of the much-trumpeted pupil premium, given that figures published by today's *Financial Times* show that in the south-west of England nearly 90% of pupils will see their school's funding cut? That is completely contrary to the promises made by Ministers.

Sir George Young: I reject the assertion that any promises made by Ministers have been broken, but I shall draw the right hon. Gentleman's assertions to the attention of my right hon. Friend the Education Secretary and invite him to rebut them in a letter as quickly as possible.

Harriett Baldwin (West Worcestershire) (Con): May we have a debate in Government time on black holes? My constituents were extremely alarmed to hear in the media during the recess about almost £20 billion of unfunded tax cuts promised by the Leader of the Opposition.

Sir George Young: I would welcome such a debate. I do not know whether my hon. Friend has looked at *The Times* or *The Guardian* today, but apparently at a meeting of the shadow Cabinet, the Leader of the Opposition at last recognised that they had been in deficit denial and they decided to abandon such a policy. I hope that we can have a debate on the black hole and welcome the fact that the Labour party, which was responsible for the black hole, now recognises that. Labour will have no credibility at all until it comes up with some proposals for dealing with it.

Mr Pat McFadden (Wolverhampton South East) (Lab): Will the Leader of the House schedule a debate on the future of the financial inclusion fund and the wider issue of funding for citizens advice bureaux? The citizens advice bureau in the city of Wolverhampton does a fantastic job, and I am sure bureaux do so in the constituencies of right hon. and hon. Members across the House. Does he accept that it is perverse to be cutting funds to citizens advice bureaux for advice on debt relief and financial management at the same time as the Government are making wider cuts in benefits that are driving more people to seek the advice for which they are cutting the funding?

Sir George Young: I am sorry that the right hon. Gentleman did not have an opportunity to put that question during BIS questions, when it would have been appropriately dealt with. I pay tribute to the work of the CABs, as all hon. Members do, and I hope that, as local authorities make difficult decisions, they will try to do their best to preserve the funding of CABs, to which people look at a time of recession and real problems of hardship. A £100 million fund is available to help certain charities, and I do not know whether the right hon. Gentleman has thought of applying to that.

Gareth Johnson (Dartford) (Con): Will my right hon. Friend grant time to debate the proposed closures of the Limes and Manorbrooke care homes in my constituency of Dartford? Those homes are relied on by my constituents, who will be dismayed at the prospect of their imminent closure.

Sir George Young: I understand my hon. Friend's concern about the proposed closure of those homes. The responsibility, of course, rests with Kent county council. I will pass on his concerns to my right hon. Friend at the appropriate Department, but I wonder whether my hon. Friend might seek an Adjournment debate so that the issue may be given more attention.

Keith Vaz (Leicester East) (Lab): May we have a statement on the Government's final position on control orders? I understand that that went to Cabinet on Tuesday. It was then reported by the BBC and newspapers. Indeed, they have got the name of the order that will replace the control order; it will be called the surveillance order. The Home Affairs Committee is currently investigating those important issues, and it would be helpful if the Home Secretary came to the House and gave a statement. There is business next week on the Home Office side. Perhaps she could make the statement next week.

Sir George Young: These are important and controversial issues, and I welcome the work that the right hon. Gentleman's Select Committee has been doing on them. The review of security powers is ongoing; it has not been completed. The Home Secretary will make a statement to the House once it is completed, and I expect that statement to be made in the week commencing 24 January.

Gavin Barwell (Croydon Central) (Con): In the light of Lord Adonis's comments supporting the principle that all schools should be able to become academies, may we have a debate on the progress of the Government's academies programme, as that would, among other things, give Opposition Front Benchers the chance to join the growing coalition in favour of school reform?

Sir George Young: I welcome my hon. Friend's intervention, and we would be delighted to have such a debate, although it would probably have to take place in Back-Bench time. I welcome what Lord Adonis has just said:

"Neither I nor Tony Blair believed that academies should be restricted to areas with failing schools. We wanted all schools to be eligible for academy status, and we were enthusiastic about the idea of entirely new schools being established on the academy model, as in Michael Gove's Free Schools policy."

So there is a growing consensus, and I hope that it might include Opposition Front Benchers at some point.

Kelvin Hopkins (Luton North) (Lab): I note that the Leader of the House and I have similar tastes in ties and shirts, and I hope that he is equally agreeable to my request. This morning, *The Times* has reported that France is suggesting that Britain ought to help to save the euro—a thesis that I do not accept. It has also been suggested that the continuation of the euro would be beneficial for Britain—another thesis that I do not accept. I am sure that I speak for many other Members. May we have a debate on those important matters in the near future?

Sir George Young: They are important matters, and any responsibility for the choice of tie rests with my wife rather than me—a very tasteful lady.

On the substantive question, an important meeting is taking place as we speak with the French Prime Minister. My understanding is that, at 1 o'clock, there will be a joint press conference, where I have no doubt that the question that the hon. Gentleman has raised will be put and an answer given.

Neil Carmichael (Stroud) (Con): Given the importance of exports to Britain's economic recovery, would the Leader of the House like to consider holding a debate on trade policy, so that we could promote the actions already taken by the Government?

Sir George Young: That is an excellent idea. The Government have no plan to do so, but it might be a suitable subject for a Backbench debate. Many encouraging export orders have been made over the Christmas recess—some from China and many in the aerospace arena—and Sainsbury's made a commitment on Monday to create another 20,000 jobs, but I agree that we must do all that we can to promote export-led growth. The Chancellor of the Exchequer, the Secretary of State for Business, Innovation and Skills and the newly appointed Minister for Trade will attack that task with vigour.

Kevin Brennan (Cardiff West) (Lab): Why has the statement about the responsibilities that are being transferred from BIS not yet been made? Will the Leader of the House arrange for that to be done immediately? The Secretary of State was de-bagged on the last day of term. It has now been nearly a month since that change was announced. Is some sort of wrestling match going on behind the scenes over his residual responsibilities?

Sir George Young: Some details need to be finalised. The hon. Gentleman will know that all responsibility for competition and policy issues that relate to the media, broadcasting, digital and telecoms sectors has been transferred to the Secretary of State for Culture, Olympics, Media and Sport, and that includes full responsibility for Ofcom's activities in those areas. The Under-Secretary of State for Culture, Olympics, Media and Sport, my hon. Friend the Member for Wantage (Mr Vaizey) will be the Minister responsible for the digital economy. As I have said before, the details of those changes will be laid before the House in a written ministerial statement very shortly.

Robert Halfon (Harlow) (Con): Will my right hon. Friend make arrangements for an urgent statement on the use of Government press cutting services? From answers to written questions, we know that the last Government spent £12 million in the past five years on press cutting services alone. Does he not agree that that is an obscene waste of money and that the use of press cuttings in Departments should stop immediately?

Sir George Young: We should certainly seek to reduce the cost of politics. As my hon. Friend knows, we are reducing the overheads of government. I am sure that we will look critically at the amount of money spent by the last Government on the press cutting service to find out whether worthwhile economies, such as those that he proposes, can be made.

Andrew Miller (Ellesmere Port and Neston) (Lab): On exactly the same point, will the right hon. Gentleman look very carefully at the waste of money incurred in the inaccurate answering of written questions by Ministers? In column 29W this week, the Minister responsible for shipping so inaccurately answered a question that I posed about marine safety that our friends in *Hansard* catalogued it under aviation. That is an absurd waste of money, and it will require me to ask further questions, incurring further cost to the public purse.

Sir George Young: I very much regret any discourtesy that was extended to the hon. Gentleman, and I am sure that it was unintentional. Ministers at the Dispatch Box do their best to give accurate answers. Occasionally, amendments have to be made, and I am afraid that that has been the case with all Administrations.

Miss Anne McIntosh (Thirsk and Malton) (Con): Now that the Prime Minister has indicated that a decision will be taken by 1 April to amend or replace the Independent Parliamentary Standards Authority, can we have an indication from the Leader of the House on who will take that decision? Will it be a matter for the Government or a matter for the House? Is my right hon. Friend convinced that Members are getting as swift a response to our queries as members of the public are to theirs?

Sir George Young: I am grateful to my hon. Friend. It is important that the review that IPSA has announced takes place. Those who have issues with IPSA should take part in that review and communicate their suggestions for change. It will then be a matter for the House to decide whether IPSA's proposed changes meet the requirements of the resolution that the House adopted unanimously in December. My hope is that IPSA understands the concern in the House about the current regime, reforms itself and makes proposals that meet the anxieties that my hon. Friend and many others have expressed. That would be an ideal solution, and it would be premature at the moment to look at plan B.

Mr Denis MacShane (Rotherham) (Lab): May we have a clarifying statement from the Prime Minister on the royal wedding bank holiday? Everyone is looking forward to that joyous occasion, royalists and republicans alike, but the Library has issued a worrying note saying that employers do not have to give the day off and can dock pay or insist that a day is taken off from the summer holiday of their staff. We need clarification from the PM to make it clear to employers: let the people celebrate on 29 April.

Sir George Young: I entirely agree. I do not know what influence the right hon. Gentleman has with Mr Crow, but the latter's level of enthusiasm for the royal wedding is apparently somewhat different from the right hon. Gentleman's. It is not absolutely clear whether, if the RMT went ahead with its proposals, people would be able to get to work if they wanted to. If there is a need for clarity, I am sure that clarity will be produced.

Charlie Elphicke (Dover) (Con): May I echo the call of the shadow Leader of the House for a debate on bank bonuses? My constituents are enraged that Fred Goodwin got £15 million in bonuses, that knighthoods were thrown about like confetti, and that bank bail-outs encouraged excessive bonuses for the fat cats. We need a change in policy from "everyone out for themselves" and "up with the fat cats," to more "all in it together."

Sir George Young: I applaud my hon. Friend's sentiments. He was probably in the House when the Chancellor made his statement suggesting a very robust negotiating position with the banks. The Chancellor also indicated during questions and answers that he would want to report back to the House once those negotiations had been completed.

Steve Rotheram (Liverpool, Walton) (Lab): Following on from the previous question, I understand that the Government's ongoing talks with the five biggest banks on bankers' bonuses is ironically called Project Merlin. Is that because Standard Chartered bank has already disappeared from the talks, and Santander is likely to vanish from them, too? Will the Leader of the House pull a rabbit out of the hat and facilitate an urgent debate on bankers' bonuses, and everybody else can then fill in their own puns?

Sir George Young: I shall see whether I can produce a sword from a stone. We are talking about negotiations and discussions that should have taken place some time ago, when the taxpayer was helping the banks, but they did not take place then. We are now—belatedly, because of the inaction of the previous Government—trying to make sure that taxpayers get value for money for the investment in the banks. As I said a few moments ago, my right hon. Friend the Chancellor of the Exchequer made a statement about the talks on Tuesday, and he indicated that he would want to keep the House in the picture when they were concluded.

Nick de Bois (Enfield North) (Con): Will my right hon. Friend consider finding time to discuss the impact of two recent resignations from the NHS in London, namely that of the chief executive officer of NHS North Central London and that of the CEO of my constituency hospital, Chase Farm, this week? Both were actively pursuing the previous Government's policy of introducing unwelcome reconfiguration. The House would then have the opportunity to discuss the impact of those proposals and kick them out.

Sir George Young: I understand my hon. Friend's concern about the configuration of the NHS in his constituency. I should like to pass his comments on to my right hon. Friend the Secretary of State for Health and see what appropriate action might be taken by the Government in response.

Stephen Timms (East Ham) (Lab): It is extraordinary that the Government cannot tell us who is now responsible for what. Is it the case that the whole of telecommunications policy has been transferred from BIS to DCMS? Is the hon. Member for Wantage (Mr Vaizey), to whom the right hon. Gentleman referred a few moments ago, still a BIS Minister or not?

Sir George Young: I read out a few moments ago the words on the piece of paper in front of me that indicates where the responsibility rests. There will be a full written ministerial statement in due course, which I hope will answer the right hon. Gentleman's question.

Alun Cairns (Vale of Glamorgan) (Con): In view of the fact that the Government's key challenge and objective was to save Britain from the brink of bankruptcy, will the Leader of the House arrange a debate so that the House can consider the progress made in reducing the structural deficit, following the mess left by the previous Administration?

Sir George Young: I would welcome such a debate. At the Budget, there will be an opportunity for several days' debate on the Government's economic policy. I share my hon. Friend's welcome of the fact that we are no longer on the brink of bankruptcy, of the fact that our credit rating has been restored, and of the fact that we are not in the same position as some other countries that have not taken the action that we have taken to reduce the deficit.

Ian Lucas (Wrexham) (Lab): Could we have a debate on the eligibility of council employees to stand for public office? In an increasingly unitary local government framework, does it make any sense to continue to disqualify lollipop ladies and classroom assistants from standing for election to their local councils? Should we not encourage public service by making those people eligible to be councillors?

Sir George Young: As the hon. Gentleman knows, we have introduced the Localism Bill. There may be an opportunity, as that Bill goes through the House, to have a debate on eligibility to be a local councillor, to see whether we can remove disqualifications for which there are no apparent reasons.

Mr Dominic Raab (Esher and Walton) (Con): This week, the outgoing Dutch member of the EU Court of Auditors criticised the watchdog for its "cover-up culture", "Kremlin-style" misinformation, and watering-down of criticism of financial abuse. May we have a statement from Ministers on what is being done to tackle endemic fraud at the EU?

Sir George Young: I understand my hon. Friend's concern. Any level of fraud in the EU budget is wholly unacceptable. We recognise that major improvements need to be made to financial arrangements within the EU. We continue to support the work of the European Court of Auditors and to highlight the importance of independent scrutiny of the EU's accounts.

John Cryer (Leyton and Wanstead) (Lab): I realise that there is an Opposition day debate next week on the abolition of the education maintenance allowance, but does the Leader of the House not think that it should be held in Government time? Does he not think it extraordinary that such a far-reaching change has not even been the subject of a ministerial statement?

Sir George Young: I do not accept the proposition that the debate should be held in Government time. The whole point of having Opposition days is that the Opposition can choose a subject for debate about which they have an issue with what the Government are doing. That is what they have done. The Government will respond to the debate on Wednesday, explaining why we believe that the EMA had a lot of dead-weight associated with it and was not well targeted, and that the regime that we plan to introduce in the autumn will make better use of the funds available.

Jake Berry (Rossendale and Darwen) (Con): Will the Leader of the House agree to a debate on any changes to the rules surrounding medical or two-pill abortions, and particularly on the level of involvement of medical professionals in those procedures?

Sir George Young: My hon. Friend refers to a case, initiated by the British Pregnancy Advisory Service, that is shortly to go to the High Court. The Government's view is that, under present legislation, what the BPAS wants to do would be illegal; that is why we are resisting the application. The final decision will rest with the courts.

Julian Smith (Skipton and Ripon) (Con): The rising cost of home heating oil is causing significant worry to householders and small businesses across north Yorkshire. May we have a debate on what pressure the Government could bring to bear on oil companies, which appear to have taken advantage of the very poor weather in recent months?

Sir George Young: Many Members with rural constituencies will have had representations, as I am sure my hon. Friend has, about the high cost of oil over the Christmas holidays. I believe that the matter is being taken up with the Office of Fair Trading, to see whether there is a case for investigation, but I will ask the relevant Secretary of State to write to my hon. Friend, outlining the action that the Government are taking to make sure that consumers are not ripped off.

Stephen Barclay (North East Cambridgeshire) (Con): May we have a debate on opening up Network Rail to full scrutiny by the National Audit Office? Due to the bizarre legal entity set up by the previous Prime Minister, it stands to report to a small number of members, including train companies, and answers directly neither to Parliament nor to company shareholders.

Sir George Young: The governance of Network Rail is an extraordinary constitution, and of course it is right that it should be exposed to full audit. I will raise with my right hon. Friend the Secretary of State for Transport whether we have any proposals to change the governance of Network Rail that may solve the problem, or if we have not, whether we have any other proposals to make sure that its accounts are looked at properly.

Christopher Pincher (Tamworth) (Con): Will my right hon. Friend ask the Chancellor to make a statement about the number of representations that he has received calling for an increase in employers' national insurance contributions, and incidentally, will he tell us how many have been made from people in Hull?

Sir George Young: As my hon. Friend knows, we took the view that the last thing the country needed at this time was an increase in national insurance employer contributions, and that was the right decision to take. As to whether the shadow Chancellor is at one with the rest of the shadow Cabinet on the subject, I do not know, but I hope that he will welcome any increase in employment in his constituency as a result of the actions that we took.

Several hon. Members *rose—*

Mr Speaker: Order. I am advised that the hon. Member for The Wrekin (Mark Pritchard) came into the Chamber well after the statement by the Leader of the House, and it is for that reason that I did not call him to ask a question. I say to the hon. Member for Wrexham (Ian Lucas) that we will come to points of order, but not before we have dealt with the application for a debate under Standing Order No. 24.

Factory Closure (Moreton)

Application for emergency debate (Standing Order No. 24)

12.19 pm

Ms Angela Eagle (Wallasey) (Lab): I beg to ask leave to move the Adjournment of the House under Standing Order No. 24 in order to debate a matter that requires specific and urgent consideration: the decision announced yesterday by Burton's Foods to end production of biscuits at its Moreton site, with the loss of 342 jobs.

The biscuit factory in Moreton is the largest private sector employer in my constituency. For well over half a century that factory has provided employment and security for many of my constituents living in Moreton and Leasowe. Entire families work there, often with more than one generation on the production line. The company has been the beneficiary of millions of pounds of regional selective assistance from the national Government, and of rates rebates from the local authority for the Moreton plant.

The company had announced a supply chain review last year, but just days into what we all know will be a very difficult year it has dropped a bombshell on Moreton. Despite an agreement to guarantee work until 2012 and develop the factory into a flagship site, and despite years of the work force delivering productivity increases and accepting pay freezes and new working practices, the company has abandoned its Moreton work force. It plans to implement the first job losses in May and to close the entire plant by the end of the year.

It would be an understatement if I were to say that my constituents feel betrayed by that decision. I entirely associate myself with their emotions, because I share them, and I urge the company to think again. In November, there were 16 people chasing every job vacancy in Wallasey. Since then, the local authority has announced 371 job losses, with 764 more under active consideration this year alone. The private sector is clearly not leading the revival, and I should welcome the opportunity to discuss those issues further in the House.

Mr Speaker: I have listened carefully to the hon. Lady's application. As she knows and the House will appreciate, I am required to state my decision without giving reasons. I am not satisfied that this matter should be the subject of an emergency debate.

Points of Order

12.21 pm

Ian Lucas (Wrexham) (Lab): On a point of order, Mr Speaker. Earlier this week I raised a point of order concerning the transfer of certain ministerial responsibilities from the Department for Business, Innovation and Skills to the Department for Culture, Media and Sport, and you indicated very kindly on that occasion that this morning we had Business, Innovation and Skills questions, which might clarify the position. Regrettably, they have not.

We do not have a written ministerial statement, but I have received representations from Members about the difficulty that the situation is causing when tabling questions, and from the telecommunications industry about not knowing the Department with which it should deal. This is an urgent matter that is affecting investment decisions. Is there any way in which the Government can expedite the matter, so that the effects of a decision that was made some weeks ago might be made clear to the House?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. It is for Ministers to define their responsibilities and to communicate the facts relating thereto. The matter was raised today, and the Leader of the House offered a reply, but the hon. Gentleman will know that I am not responsible for the content of that reply. It is a responsibility of Ministers. I feel sure that the point will have been heard by Members on the Treasury Bench, and that it will be communicated as appropriate to Ministers.

Mr Tom Watson (West Bromwich East) (Lab): Further to that point of order, Mr Speaker. Standing Order No. 139, on the powers of the Administration Committee, allows the direction of Officers of the House to service Select Committees. This morning, during a debate in the Culture, Media and Sport Committee, of which I am a member, we did not know the ministerial policy areas for which we were responsible. If the Government cannot decide which Ministers are in what Departments or who is responsible for policy, can the Administration Committee aid Select Committees with that?

Mr Speaker: I think I can say without fear of contradiction that it is a matter that requires clarification. I hope such will soon be provided to the satisfaction of the hon. Gentleman and others.

Kevin Brennan (Cardiff West) (Lab): On a point of order, Mr Speaker. When constituents write to me, I consider it a courtesy to write back to them in kind. I would expect the same thing to happen when MPs write to Ministers—for them to write back in kind with a signed reply. Recently, I received correspondence on behalf of the Secretary of State for Culture, Olympics, Media and Sport from something called the public engagement team—an electronic communication indicating that a unilateral decision had been taken without consultation by the Secretary of State, whereby in future no letters would be sent to Members signed by Ministers. I am not a dinosaur—I engage in electronic media, social media and so on—but do you, Mr Speaker, have any powers in the matter to require Ministers to reply in kind to MPs' correspondence with a signed response?

Mr Speaker: I am not sure that that is a point of order; I think it is, instead, a point of offended sensibility. Nevertheless, the point has been made and heard. I can say only two things: how Ministers communicate with Members is a matter for them and I do not have any formal powers in that regard; but, I think that it is a matter of courtesy, and it has always been understood that, if a Member writes to a Minister, in most circumstances that one can predict the Member will get a reply from a Minister—and that is right.

Thomas Docherty (Dunfermline and West Fife) (Lab): Further to the point of order from my hon. Friend the Member for West Bromwich East (Mr Watson), Mr Speaker. As a member of the Administration Committee, I wonder whether it would be possible for you to circulate that clarification later today, so that we Committee members might have a chance to discuss the matter on Monday at our next meeting.

Mr Speaker: I shall look into the matter.

National Insurance Contributions Bill

Consideration of Bill, not amended in the Public Bill Committee

New Clause 1

ANNUAL REPORT BY HM TREASURY

'Her Majesty's Treasury shall, following Royal Assent, provide an annual report to Parliament which will set out

(a) the total sum of business expenditure saved under the secondary contributions holiday for each of the years of the scheme's operation;

(b) by constituency—

(i) the number of businesses availing themselves of the secondary contributions holiday;

(ii) the number of employees designated qualifying employees under the scheme; and

(iii) the total expenditure saved by businesses under the scheme.'.—(*Mr Hanson.*)

Brought up, and read the First time.

12.26 pm

Mr David Hanson (Delyn) (Lab): I beg to move, That the clause be read a Second time.

Mr Speaker: With this it will be convenient to discuss the following:

Amendment 5, page 2, line 20, clause 4, leave out '2013' and insert '2012'.

Amendment 6, line 20, at end insert

'The Treasury will carry out a review of the Regional Secondary Contributions Holiday before 5 December 2011 and may extend the relevant period until 5 September 2013.'.

Mr Hanson: The clue to the proposed changes before us is in the words that the Clerk read out, "not amended in the Public Bill Committee". The proposals were reflected on and discussed in Committee, and I hope that the Exchequer Secretary to the Treasury has had time, with a good break behind him over Christmas, to reflect on the common sense in them.

I would find it amazing if the Minister were not able to accept new clause 1, because it simply asks for information that, if he looks carefully, he knows I could table questions—with probably more work for him and his officials—to secure in due course. It is important that he assesses the scheme to ensure that we have a national insurance holiday, which, under the current Bill, includes the whole United Kingdom minus three regions—London, the east and the south-east.

The Opposition support, welcome and recognise the Government's objectives in seeking to use the mechanism of forgoing national insurance income to encourage businesses, but it is important that the Government, the Opposition and, indeed, the House, who endorse that proposal, know its impact over the relevant period.

New clause 1 asks the House to ensure that, following Royal Assent, there is an annual report to Parliament on the outcomes of the scheme, meaning that between now and 2013 we would potentially have three annual reports with the information outlined in the new clause. Essentially, that would include the total sum of national insurance expenditure saved by businesses under the scheme by constituency, but, if the Minister wanted to reflect on the proposal and have it brought back in

[Mr Hanson]

another place, I would be happy for the information to be listed by sub-region or by region. The information would also include the number of businesses availing themselves of the secondary contributions holidays, the number of employees in each business and the total expenditure saved by businesses under the scheme.

I tabled new clause 1 for several reasons. It is important that we know the facts. The Minister said in Committee that he expects about 400,000 businesses to take part in the scheme during its operation. That figure is a valuable indication and a good benchmark by which we can judge the success of the scheme. When the Committee sat before Christmas, we were already effectively five to six months into the operation of the scheme and about 1,100 businesses had applied for it. An annual review to Parliament would not only have provided an indication of whether Parliament should pass the Bill but would have ensured that we know exactly the take-up of the scheme. New clause 1 refers to the fact that we would also know the take-up by constituency and by businesses.

That is important for two reasons. We need to know the trajectory of the take-up. Is the figure of 1,100 to date what was expected? What will the trajectory be for those businesses in 2011 and 2012? If we have our first annual report in, let us say, December 2011—when the scheme will have been operating for 18 months—what will the take-up of the scheme be? Is the trajectory for the remaining two years likely to mean we get to the 400,000 figure that the Minister has mentioned? An annual report would provide transparency and openness, to which the Government are committed, on those issues and those take-ups. There would be nothing in the report that I could not ask the Minister in a parliamentary question in December this year, next year or the year after. It would simply be good business for the Government to supply that information as a whole.

It is important to consider the number of businesses in each constituency, and we will return to the exclusion of London, the south-east and the east region when we discuss other amendments. Given the deprivation in many of the London constituencies represented by my hon. Friends in the Chamber this afternoon, we feel particularly strongly about that matter. The Bill will have a significant impact on 400,000 businesses across the remainder of the United Kingdom, but will it and the proposed holiday impact on areas that have the highest public sector employment, which is the Minister's primary objective, and areas of high deprivation and unemployment?

We discussed unemployment and deprivation in areas of the United Kingdom a number of times in Committee. For the purposes of explanation, I shall randomly look at constituencies that currently benefit from the national holiday under the scheme and will benefit if the scheme goes ahead. The annual report is important because unemployment in the Tatton constituency of the Chancellor of the Exchequer is about 2.1%, in the Richmond constituency of the Foreign Secretary it is about 1.8% and in the Rushcliffe constituency of the Justice Secretary it is about 2%.

It is important that we look at where the scheme ultimately is taken up and who will benefit. If businesses are opening in Tatton, Rushcliffe, Richmond and, indeed, other constituencies with low unemployment, that is all well and good, but it will not tackle deprivation in Manchester Central, Liverpool, Riverside or Newcastle upon Tyne East, which ultimately also might benefit from the scheme. For transparency, it is important that the Minister produces an annual report showing not only how many people and businesses have taken up the scheme, but in which constituencies it was taken up outside London, the south-east and the east region.

Kelvin Hopkins (Luton North) (Lab): I very much welcome what my right hon. Friend is saying. One of the estimates we should perhaps make is whether the loss of jobs as a result of the VAT hike will wipe out any possible advantage of the Bill?

Mr Hanson: My hon. Friend makes an important point. He will know that the Opposition are extremely concerned about the impact of the VAT rise on businesses, on consumer confidence and on consumer expenditure. Although the measure is not directly linked to the VAT increase, its aim is to help businesses in difficult times. From the Minister's perspective, the measure is primarily designed to help businesses take up the slack caused by the massive 500,000 people who will lose their jobs as a result of public spending cuts. We will come back to the impact of that on London, the south-east and the east region, where many public sector related employment opportunities will be lost and there will be no benefit from the scheme.

It is important that the Minister not only takes on board where job losses will be but that he looks outside the three excluded regions at the benefits that the scheme will bring to England, Wales, Scotland and Northern Ireland. The production of an annual report will show with full transparency where the businesses are that benefit from and take up the scheme. If those businesses are in areas where there is already low unemployment and deprivation, or they are in areas in the rest of England or Wales where there is not high public sector employment, the objectives set by the Minister will not have been met. In the interests of transparency, it is important to have such a report.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): We support the Bill and the right hon. Gentleman's new clause because we fear that the measure will not go far enough and that an annual report would show the need for further countervailing measures. Does he agree?

Mr Hanson: The purpose of the Bill, which the Opposition support, is to consider how we give limited help to start-up businesses through a national insurance holiday, so that we can get employment going across the United Kingdom with the exclusion, which we are trying to tackle, of London, the south-east and the east region.

Micro and macro-economic policy will need to be looked at again in many areas. My hon. Friend the Member for Luton North (Kelvin Hopkins) mentioned VAT. Hon. Members are concerned about the impact of public spending cuts on job losses. The issue of the economy generally is also extremely important, as are matters such as employment in west Wales. The annual report would clearly show where new businesses are commencing because of the scheme proposed by the

Minister in the Bill and whether those new business commencements can be married to areas where there are high levels of public sector job losses, deprivation and unemployment and therefore where there is a necessity for new businesses to commence. If new businesses are starting up in areas where there is already prosperity, wealth and low unemployment, the loss of the £940 million of national insurance revenue that the Minister is proposing in the Bill could have been used elsewhere to meet the objectives of tackling deprivation and unemployment in a much more concerted manner.

Mike Gapes (Ilford South) (Lab/Co-op): My right hon. Friend will know that the temporary Secretary of State for Business, Innovation and Skills represents a London constituency. Does he agree that it is deplorable that someone who represents a London constituency has not fought in Government for the interests of people living in London, including people in my constituency, who will be adversely affected by the measures?

Mr Hanson: This is a Treasury-led issue, but it will self-evidently have an impact on businesses. I would have expected the right hon. Member for Twickenham (Vince Cable) to use his Business Secretary responsibilities to bat very hard to ensure that the measure has an impact on London, the south-east and the east. Amendments that we will talk to later focus on those areas and show key issues that will be highlighted by the annual report, even if the Bill does not include London, the south-east and east regions.

If I look randomly at the figures before me, I can see that the unemployment rate in the constituency of my hon. Friend the Member for West Ham (Lyn Brown) is 6.8%, compared with the 1.6% unemployment rate in the North Somerset constituency of the Secretary of State for Defence. His constituency will get the benefit of the scheme; my hon. Friend's will not. The annual report to Parliament will show whether businesses are being drawn to North Somerset at the expense of, for example, the micro-region of Somerset—Bristol and other areas—where there might be even higher levels of unemployment.

Joan Ruddock (Lewisham, Deptford) (Lab): In my constituency, sadly, unemployment is even higher, but I want to make a different point to my right hon. Friend. Is there not a need to provide this assistance where there is the greatest risk of companies failing in their first year? In some of the most deprived areas, people with the fewest resources face the greatest difficulties in setting up businesses, and their business failure rate in the first year is highest. If we are to be fair, we should not be giving so much money to areas where that does not apply, and that is another reason for looking again at the distribution of this measure.

Mr Hanson: My right hon. Friend touches on an important point to which I will return when we discuss the group of amendments on London's exclusion. She will be interested to know that the number of business deaths in London was 13.7% higher than anywhere else in the country. While business births are higher in London, at 12.6%, the figure for business deaths shows that there is a higher turnover and a greater loss of businesses in London than anywhere else.

London, the south-east and east region is not included in the Bill. However, even with the Bill as currently constituted, an annual report by constituency would clearly show where the business successes are, where new start-ups take place, and how many employees are being employed as result of the scheme—in other words, it would clearly show its success in meeting the Minister's stated objectives. Without the annual report, I will have to table questions to find out that information. The Minister will need to have the information to monitor the progress of the scheme and look at its take-up and distribution, but it will not be public unless we have an annual report.

Kelvin Hopkins: On business deaths and bankruptcies, does my right hon. Friend agree that we have yet to see the full impact of the cuts in the school building programme, which will affect many small sub-contractors who work in the construction sector—precisely the businesses that might have benefited from the Bill had they continued to exist?

Mr Hanson: Indeed; my hon. Friend makes an extremely important point. The Minister's objective in the Bill is to help new businesses to develop to compensate for the loss and shrinkage of public sector businesses in other parts of the country; that is his main focus. The annual report would clearly show not only where new businesses are commencing but, through other information that we will be able to glean, where businesses such as construction firms are shrinking because of cuts in public expenditure on schools, hospitals and other major capital projects. I can think of building firms in my own constituency in north Wales that depend on public sector contracts in housing, education and health for their work. As my hon. Friend says, if that sector shrinks, those employment opportunities will shrink too.

I would be interested to know how many new businesses commence, and how many people are employed in each of them, in my own area in north Wales as a result of this measure, but I will not have that information unless I table parliamentary questions.

Julian Smith (Skipton and Ripon) (Con): I do not understand why one could not simply put a call through to Companies House. Why do we need a report from London about the minutiae of how British enterprise is developing as a result of this fantastic Bill?

Mr Hanson: We are forgoing £940 million of taxpayers' money, in the shape of national insurance contributions, to pay for this scheme—£940 million that could be put into the Building Schools for the Future programme and hospital expenditure. I would have thought that the hon. Gentleman was interested in where and how that money was being spent and whether it was being spent effectively. The annual report would show clearly how that £940 million of forgone expenditure was being spent, and which constituencies or regions were receiving the benefit and which were not. My main focus is to ensure, from my perspective and that of my right and hon. Friends, that areas of unemployment, deprivation and high public expenditure get that resource, not areas that already have low levels of unemployment and high levels of prosperity, and do not require this level of resource.

[Mr Hanson]

The House is bound to consider how we expend public resources, and it is incumbent on the Government to provide that information. The Minister will have it as he monitors and receives reports on progress on projects, as I did when I was a Minister, and I do not see why he cannot publish it. Ultimately we can drag it out of him through parliamentary questions, but it would be far better for him to be transparent and open, in accordance with this proposal.

Kelvin Hopkins: On the point made by the hon. Member for Skipton and Ripon (Julian Smith), is it not important to disaggregate the statistics to show the specific impact of this Bill rather than taking them out of the general trends in small business creation and so on?

12.45 pm

Mr Hanson: That is absolutely right. One of the key tenets of any objective in society has to be that if we set out on a course of action for which we have clear objectives, as the Minister has, then we need, at some point in time, to evaluate whether it has achieved what was claimed for it. The Minister's objective is to ensure that this scheme benefits areas with high levels of public sector employment that are losing jobs because of public spending cuts. The annual report would show progress towards that objective. This is not meant to be threatening to the Minister—it is simply meant to say to him that the information that he will have, we should have, as a matter of course, so that we know exactly what the scheme has achieved. There is nothing wrong with that. We support the scheme. We are not complaining about the scheme—we are simply saying, "Let's look at how it has operated in practice."

Amendments 5 and 6 deal with the same issue in a different way. I suggest in amendment 5 that we should consider reducing the end of the scheme's operational period from 2013 to 2012. That is not to say that we should stop the scheme in 2012, but that we should, as suggested in amendment 6, review it at the end of December 2011 and

"may extend the relevant period until 5 September 2013."

The Minister's scheme may well take off—the 400,000 businesses that he anticipates taking it up do so, and his objectives are being clearly and specifically achieved. However, it is also possible that only 200,000 businesses will have taken up the scheme by the end of the first or second year, and it might then be appropriate for him to amend it accordingly and consider widening its scope. Amendments 5 and 6 offer the Minister the opportunity, without scrapping the scheme, to evaluate it at a break point in December 2011. It is worth our examining whether the take-up he has promised has been achieved and, if not, whether we need to expand or modify the scheme accordingly.

The Minister has indicated that public sector employment is key to his objectives. The constituencies of Edinburgh South; Liverpool, West Derby; Glasgow North; Wansbeck; Wirral West; Blackpool North and Cleveleys; Plymouth, Moor View; Birmingham, Selly Oak; and Glasgow North East are in the top 10 on the scale of public sector employment. If, at the end of two years, there has not been business take-up in those constituencies, but there has been take-up in constituencies much lower down the scale, that would be a reason to review the operation of the scheme.

It may be appropriate to consider including London, the south-east and east region in the scheme. If the Minister cannot do that today through later amendments, he could consider doing so at a later date, and the proposed review point in the scheme would give him that opportunity. The Thames Gateway London Partnership, which is made up not only of authorities under Labour control but those under Conservative and Liberal Democrat control, says in a briefing sent to Members of this House:

"We urge the government to commit to an annual review of the National Insurance Holiday scheme. At this time should the minister find that some areas currently benefitting from the scheme already have a high rate of business survival and a low level of public sector job dependence we would urge him to consider retargeting the measure to allow some of the more deprived authorities in the Thames Gateway to take advantage of the benefits conferred by the scheme.

That reflects amendments that I will come to later. The briefing gives an example that is of particular interest to my hon. Friend the Member for West Ham:

"At a Local Authority level, Newham, which has a public sector employment level of 33.6% would not be eligible for the proposed NI Holiday, however, Macclesfield, which has a public sector employment rate of only 11.8% will benefit from the National Insurance holiday".

Those issues could be reflected on and taken into account during the break in the operation of the scheme proposed in amendments 5 and 6.

The Minister would have my full support—even if he cannot accept including London, the south-east and east today—if he came back to the House in a year's time to say that the Government had reviewed the scheme, come up with an annual report, and as a result would like to extend it to Luton South, Walthamstow, Lewisham Deptford, Ilford South, Luton North and Leyton and Wanstead, to give but six constituencies of Members in the House today. I am sure that my hon. Friends would welcome that move from the Minister; they would even say well done to him, invite him to visit the new businesses in their constituencies and cheer him from the rafters. I know that he would appreciate that greatly. I see no reason why he cannot say that he will review the scheme, even if he cannot accept the inclusion of other regions under later amendments. If the review shows that the benefit from the national insurance holiday is going to constituencies with low levels of unemployment, deprivation and public sector employment, he should consider bringing in those other constituencies by extending the scheme to a wider area.

Gavin Shuker (Luton South) (Lab/Co-op): Those figures might also draw out the effects on constituencies that border areas that are covered, where there might be a differential effect on job growth and creation, which is an issue that came up in Committee.

Mr Hanson: Indeed. My hon. Friend knows that there are issues relating to the borders between London, the south-east and east and other regions, because there could be differentials relating to new businesses. He made that important point in Committee, and the hon. Member for Portsmouth North (Penny Mordaunt) has made it in parliamentary questions to the Minister. On

Second Reading, Government Members asked questions similar to mine on why the scheme was not applicable to their regions.

I am not being aggressive, but am trying to give the Minister a chance to listen to the case. I hope that he accepts that there is a case for producing information, so that he can evaluate it and so that we as taxpayers know how the almost £1 billion of resource has been spent: where it is going, who is benefiting from it and how, and what levels of employment it is creating and where. Amendments 5 and 6 give the Minister an opportunity to have a break after about a year to review the scheme formally and to consider the issues that we will discuss later, which are important to my hon. Friends.

It does not matter where one is unemployed, because an unemployed person is 100% unemployed. For the Minister to say that we do not need to worry if public sector jobs are lost in London, the south-east and east, or in other regions of high employment, and that the scheme does not apply there, is not a positive way forward. I hope that he reflects on the proposals genuinely. I know that he is a reasonable chap and that he will consider them positively. He knows that the Bill will be considered in another place and that these matters can be discussed there, if not agreed today. I believe that a sensible case has been made for the proposals—although I would say that—and I commend them to the House and the Minister.

Stephen Hammond (Wimbledon) (Con): I did not have the benefit of sitting on the Committee, although I did attend Second Reading and I think that I made a short intervention on the Minister.

I will make a short contribution in response to the new clause. I listened carefully to the Opposition spokesman's speech, and to his closing remark that this is a sensible case that the Minister should accept. I ask the Minister to think carefully about the case that has been put to him. First, the full impact of the policy will inevitably not be shown after the first or second year. With such policies, there can be a significant cumulative effect, which is what the Government are looking for.

Secondly, it has been estimated that the scheme will have considerable benefits. The Opposition spokesman did not query the basis of the estimates made by the Government and outside bodies on the impact of the holiday. We have a pretty good assessment of its impact, so the Government should consider whether the annual report would add to that.

Thirdly, I ask the Minister to consider that the policy is temporary. Although it is a recurring cost, it is only for three years. Were the policy extant for a longer period, the Opposition spokesman's arguments might have more basis.

Fourthly, the Opposition spokesman made the point several times to the Minister that he could table questions. He did not say whether he thought an annual report would be cheaper than that. If he wanted to do so, he should have given a cost analysis. I fear that the proposal is an expensive way of getting at the information that he wants, and probably does not cover everything.

Finally, when the panoply of talent on the Conservative Front Bench was not as great, I spent four years as an Opposition spokesman. I spoke on various measures that, like the Bill, were extant for the life of the Parliament, such as the Concessionary Bus Travel Act 2007. I made similar requests for annual reports and, time after time, Ministers told me that such proposals would be costly and serve no purpose; that they would of course keep the scheme under review; and that there was transparency through other sources of information available to me. Therefore, before the Minister is tempted by the beguiling words of the Opposition spokesman on transparency and the need to review the policy, I ask him gently to remember that, freed from the responsibility of Government, the Opposition are not accepting the arguments that they made in government.

Kelvin Hopkins: I welcome what was said by my right hon. Friend the Member for Delyn (Mr Hanson), and support strongly new clause 1 and amendments 5 and 6.

In the context of the current economic situation and the level of the cuts being imposed by the Government, the Bill is a relatively small reflationary measure. It is a supply-side measure, rather than the direct reflationary measure of additional spending that I would like to see. If I was in government and had £1 billion to spend—I would love that opportunity, but am unlikely to get it, at least in the short term—I would not spend it in this way. We could, for example, increase capital spending programmes in sectors such as construction and restore school building programmes; £1 billion would sustain a much larger capital programme as a measure of revenue support, so that is the direction in which I would go.

Stephen Hammond: I am interested to hear the hon. Gentleman's argument. Has he noticed the latest academic evidence on the size of the public expenditure multiplier? It suggests that in an open economy, the actual size of the multiplier is something like 0.1%.

1 pm

Kelvin Hopkins: I have not seen that academic work, but I will be interested to read it in due course. I remain fairly convinced that spending capital funds on school building actually generates a lot of employment, certainly in my area. The cuts in school spending programmes will have a damaging effect on local employment in Luton. We can debate that in another economic seminar, perhaps, and we shall see. Nevertheless, the measures in the Bill pale into insignificance compared with the overall level of cuts that will be imposed. Some have suggested that the VAT rise alone will cause 250,000 jobs to be lost, which is a staggering figure and surprised me greatly.

In Committee, the Exchequer Secretary leapt on the fact that I was giving lukewarm support to a measure of tax relief, which is not normally my politics. However, it was lukewarm—I said that the Opposition had decided to acquiesce in what the Government were proposing, but that our Front Benchers had tabled substantial amendments. I still believe that tax reliefs are the wrong way to go. They tend not to be as reflationary as direct spending on jobs, particularly in areas where manual workers on relatively low wages tend to spend all their money, which is then circulated in the economy, causing the multiplier effect that the hon. Member for Wimbledon (Stephen Hammond) mentioned. Tax reliefs tend to go at least partly, and sometimes substantially, into savings and have less of a reflationary effect, so I prefer direct spending to help job creation.

[Kelvin Hopkins]

The Chartered Institute of Personnel and Development has suggested that there might be as many as 900,000 job losses in the private sector, which is a vast number. Added to the nearly half a million jobs being lost directly through public expenditure cuts, we are talking about 1.5 million jobs being lost. The Bill will go only a tiny way towards countering those massive losses. Indeed, the effect of those job losses, added to the 2.5 million people already unemployed, means that nearly 4 million people will be unemployed, which is a staggering figure. That will be deflationary, because people will become frightened of losing their jobs and stop spending in the shops.

Stephen Hammond: I wonder whether the hon. Gentleman would like to clarify the number of private sector job losses that he has just mentioned. Actually, we have seen in the past two quarters—the evidence from the following quarter is the same—that the private sector is creating jobs.

Kelvin Hopkins: I thank the hon. Gentleman for that intervention, which gives me the opportunity to say what I have said many times in recent weeks and months. We are still benefiting from the pre-election reflation of the Labour Government. To save the economy from a massive depression, and perhaps from sliding into serious long-term deflation, Labour sharply reflated the economy, and it was absolutely right to do so. We are still benefiting from that, because of the time lag effect in economics.

John Cryer (Leyton and Wanstead) (Lab): May I remind my hon. Friend that some time ago, leaked Treasury papers demonstrated clearly that unemployment in both the private and public sector would rise very sharply during this Parliament? When the Prime Minister was questioned about those figures on the Floor of the House, he refused to answer the question.

Kelvin Hopkins: I am not at all surprised that the Prime Minister was not prepared to be drawn on that. What happens in a year's time, and in two years' time, as a result of what the Government are doing now will be the true measure of whether their policies are successful. I suspect that we will have a massive rise in unemployment, as forecasts suggest. That will tend to damage confidence among consumers, businesses and everyone else in the long-term future of our economy, so the Government are pursuing a dangerous policy.

The Bill, although welcome, is modest in comparison with what the Government are doing as a whole. The precise impact of what it will do needs to be measured and published, so that we can set it in the context of the rest of the economy rather than let it drift along, with the Government perhaps making exaggerated claims for its success.

Dr Stella Creasy (Walthamstow) (Lab/Co-op): Does that mean that my hon. Friend agrees with the Minister, who told me in a letter that £940 million was a large sum of money to allocate for an uncertain benefit? That is exactly why we need to see the figures, to see whether the Bill is working.

Kelvin Hopkins: My hon. Friend is absolutely right, and in the context of the current economic situation, the level of Government cuts and what the Government are spending on the European Union, bailing out Ireland and so on, £1 billion is a small amount of money, especially when it is spread over a number of years. My right hon. Friend the Member for Delyn is right to insist that the new clause be inserted into the Bill, so that we can measure its true impact.

I will leave my comments there, although I will wish to speak to other amendments later. The Bill is modest, and, as my right hon. Friend has suggested, we must ensure that a true measure of its impact is published.

The Exchequer Secretary to the Treasury (Mr David Gauke): It is a great pleasure to return to the Bill and to some of the arguments that were made many times in Committee, and indeed many times in the speech of the right hon. Member for Delyn (Mr Hanson) this afternoon. It is always fascinating to hear Opposition Members talk about the beneficial effect on employment of reducing employers' national insurance contributions, although to be fair, I should exempt the hon. Member for Luton North (Kelvin Hopkins) from that comment.

I do not intend at this point to address all the points about regional matters and so on that the right hon. Member for Delyn touched upon, because we will return specifically to them later. I shall address new clause 1, which would require the Treasury, after Royal Assent, to provide to Parliament an annual report on the national insurance contributions holiday for new businesses. The report would be required to contain the total sum of business expenditure saved under the scheme and a breakdown by constituency of

"the number of businesses availing themselves of the secondary contributions holiday…the number of employees designated qualifying employees under the scheme; and…the total expenditure saved by businesses under the scheme."

I think it would be fair to say, as my hon. Friend the Member for Wimbledon (Stephen Hammond) did, that it is not uncommon for Oppositions to table amendments requiring reports on the implementation and operation of a Bill, and for Governments to resist them. I say to the right hon. Member for Delyn that I do not believe the new clause is necessary, because in Committee I undertook to provide updates to the House and the public on the operation of the scheme after the end of the tax year, including information at regional level. His point that we should provide such information was entirely reasonable, and I can now give a little more detail about what we intend to provide.

We envisage a factual report that will state, regionally and nationally, the number of new businesses applying, the number of applications rejected, the number of qualifying employees for whom a holiday has been claimed and the amount claimed. The main difference between what I am saying we will do and the requirements of the new clause is that the latter would require a constituency-level breakdown, even though the scheme is regional in England and will not cover every English constituent.

The central point, which I made in Committee several times—the hon. Member for Luton South (Gavin Shuker) also touched on it—is that the locations of people's work and of the businesses for which they work are not necessarily the same as the locations of people's homes.

Many people travel to work, and operating specifically on a constituency basis could result in a somewhat misleading view of the way in which the scheme works. We could identify one constituency that falls within a relevant region, where many businesses that benefit from the scheme are created and have many employees, and where public sector employment or unemployment is not high, and the right hon. Member for Delyn might then say, "This is an example of the scheme not operating as it should. Money is going into a relatively prosperous area and is not well targeted." However, that ignores the fact that many employees who benefit from the scheme could live in neighbouring constituencies that are heavily dependent on the public sector, or where unemployment is high. I believe that looking at the matter on a constituency basis does not necessarily give a fair indication, and that examining it on a regional basis is better and more accurate. I therefore intend to prepare my reports on not a constituency but a regional basis. None the less, that should be helpful to hon. Members.

Joan Ruddock: The Exchequer Secretary seemed to say that even if an hon. Member tabled a parliamentary question requesting the information on a constituency basis, he would not provide it. That is unacceptable. Often, what happens to one's constituents is affected by the neighbouring borough or area where a small company sets up. That is of interest to us, and I think that we should know.

Mr Gauke: I do not intend in any way to restrict what hon. Members ask, or the responses to the questions. My point is that it would be better for the Government report that sets out the working of the scheme to consider matters on a regional and national basis. I can understand why individual Members would want to ask about their constituencies. If information is available, it will be provided. I do not dispute that. However, when the Government provide an update on the scheme, it is right to focus regionally and nationally. I understand the right hon. Lady's concern about her constituents, and the scheme will not apply in her constituency, but a regional or national approach is a more reasonable and reliable way of examining areas where it applies than trying to break it down into individual constituencies.

Joan Ruddock: I am most grateful to the Exchequer Secretary, who must clarify the matter, for giving way again. If an hon. Member tables a question requesting information about his or her constituency, will he be in a position to provide it?

Mr Gauke: My understanding is that we will be in a position to provide the information. However, that would not be particularly helpful in understanding the full application of the scheme.

Gavin Shuker: Will the Exchequer Secretary confirm that the evidence we took in Committee shows that there are no technical restrictions on looking at the postcodes of qualifying businesses and therefore on providing that information? In other words, restricting the information would be an ideological rather than a technical decision.

Mr Gauke: It is not an ideological position. I am finding it surprisingly difficult to convince Labour Members of my point—or perhaps they are not prepared to be convinced of the fact that people do not necessarily work in the constituency in which they live, and that it would therefore be wrong to try to make a big case about the number of employers in a particular constituency being low compared with the number of people living there, and their not benefiting from the scheme.

1.15 pm

John Cryer: If the information is available, I do not see any problem with just publishing it. I represent some of the poorest wards in London—and that is against some pretty stiff competition. My constituency will not be subject to the holiday for start-up businesses, whereas some of the leafier areas in the north-west will benefit. Tatton, a wealthy area with low unemployment, springs readily to mind as somewhere that will be subject to the national insurance contributions holiday.

Mr Gauke: We come back to the central point that we are acting on a regional basis rather than trying to break down the figures for wards, constituencies or boroughs because of the nature of the labour market and people travelling to work. I concede that several hon. Members will not accept that, but it is the right approach given the nature of the labour market.

Gavin Williamson (South Staffordshire) (Con): Seventy per cent. of my constituents travel out of the constituency to work in neighbouring boroughs—in Wolverhampton, Dudley and Stourbridge. It is more typical for the benefits to come to those boroughs than to South Staffordshire, but people throughout the region will benefit.

Mr Gauke: My hon. Friend is right, and that is why we are acting on a regional basis.

David Mowat (Warrington South) (Con): I want to respond to the point about Tatton. Many of my constituents work in Tatton, yet parts of Warrington are extremely deprived. Perhaps Labour Members will explain how publishing numbers specifically for Tatton would identify the impact on the deprived areas of my constituency next door.

Mr Gauke: My hon. Friend is absolutely right. He brings a great deal of business experience to the subject. Trying to pick out individual constituencies in the way in which the right hon. Member for Delyn intends will add little to our understanding of the operation of the scheme, but, as a Government, we are keen to put out more information and to make the scheme transparent.

Mel Stride (Central Devon) (Con): Does my hon. Friend agree with Mr Mitah from HMRC who pointed out in Committee that the greater complexity and costs involved in the sub-regional route would damage the scheme overall? He said:

> "If you have a system that required us to operate a more complicated, or a narrower, range of areas, by reference to which we were giving relief, that would raise the costs of compliance substantially."—[*Official Report, National Insurance Contributions Public Bill Committee*, 2 December 2010; c. 35-6, Q121.]

Mr Gauke: My hon. Friend is absolutely right. Certain compliance problems would arise. Could we tell whether an address was for work or home? The scheme would

[Mr Gauke]

become more complicated. Those claiming would need to ensure that they were in one particular postcode area or another, and there would be issues with boundaries. Distortions could be much greater than under the simpler scheme that we have introduced with essentially one boundary and three excluded regions. A host of difficulties would arise if we tried to follow the sub-regional route. Where would we draw the line? Would we end up considering boroughs, wards or polling districts? Exactly how would that work? We will revert to the matter later, but my hon. Friend is right.

Amendments 5 and 6 are aimed at providing flexibility to reduce the duration of the regional employer national insurance contributions holiday for new businesses. This would reduce the cost of the holiday to the Exchequer, and correspondingly reduce the benefit to new businesses. As I have explained, the Government want to target available resources to the regions most dependent on public sector employment. We do not intend to widen geographical coverage, and therefore have no need to find ways of reducing costs. We know that this scheme will reduce labour costs for new businesses, and has been widely welcomed by their representatives.

We have acknowledged that beyond this there is a good deal of uncertainty about exactly how the scheme will pan out in practice. However, introducing some flexibility to change the details of the scheme as proposed in these amendments would increase uncertainty for those who might potentially benefit, and could risk inhibiting decision making. This particular proposal could affect those who are already benefiting from the scheme, or those who are currently considering setting up a new business bearing in mind the Government's policy. For example, a new business set up this month, which plans to take on employees towards the end of this year, would not get the full year's holiday for these employees if we were to stop the scheme in September 2012.

I hope that the right hon. Member for Delyn would agree that we were right to start operating the scheme as soon as we could, in anticipation of legislation being passed. Had we not done so, the benefit to businesses would have been delayed, and new businesses that had planned to start operation might have delayed in order to benefit fully from the scheme. I am conscious of the fact that the scheme requires the consent of Parliament, and we have been very clear about that in our guidance to potential beneficiaries. We are not pre-empting the decisions of Parliament. However, I hope that hon. Members would agree that it would not be desirable to withdraw the benefits we had planned to give to entrepreneurs who have already decided to set up in business. That risk applies to these amendments, and I am advised that as drafted the amendment is insufficient to provide a mechanism for extending the holiday, and does not therefore meet the intended aim.

With the commitment I have made today on the reports, I hope that the right hon. Gentleman will withdraw new clause 1 and, in the light of my comments, not press amendments 5 and 6.

Mr Hanson: We have had a useful debate. I tabled the new clause and amendments to secure from the Exchequer Secretary a commitment that the expenditure that we are forgoing—some £940 million—will be monitored and reviewed for effectiveness, that a mechanism will be put in place by which we can judge where, for whom and how it is having a benefit, and that we will review take-up over the three years of the scheme. I am reassured that he has reaffirmed what he said in Committee and will produce information on take-up on a regional basis. I genuinely welcome that.

It might help if the Exchequer Secretary could indicate—he did not do this in his response—the current level of take-up of the scheme. In early December, at the end of the Committee stage, he mentioned that about 1,100 businesses had taken it up. One of our concerns was that his ambitious target of 400,000 over the duration of the scheme would not be met because of the slow take-up in the first six months. It would help initially if he could give that information now.

Mr Gauke: I am grateful to the right hon. Gentleman for letting me intervene. The latest number we have is 1,500, which has increased, obviously, from the 1,100 just before Christmas.

Mr Hanson: The key issue—this is one reason I have suggested an annual report—is that 1,500 is significantly less than the trajectory we would hope for and which is necessary to achieve a take-up of 400,000 by the end of the scheme. It is already six or seven months since the Exchequer Secretary announced the scheme, and we effectively have two years this September—until September 2013—before completion. A target take-up of 400,000 and today's take-up of 1,500 show that the trajectory is not there.

I intend to withdraw the new clause—the Minister can relax in that knowledge and take it as a helpful contribution to the debate—but I hope he will still reflect on the fact that one reason we have asked for an annual report is to ensure that we are able to know every year what the trajectory of the take-up is and in which regions and sub-regions it is occurring. If, for example, by the end of 2011, 30,000 or 40,000 businesses have taken up the scheme, and there is a capacity of 400,000 and just two years left of the scheme, a considerable effort would be needed to generate those new businesses in the two years.

If the Minister does not want to build in failure to his scheme, he needs to monitor that and, if need be, consider the suggestions we will make later about expanding the scheme into other regions, such as London and the south-east, to ensure that the 400,000 take-up that he wants is met. I will make the case later, supported by my right hon. and hon. Friends, that high levels of public sector employment in London and the south-east region will be hit by public spending cuts; without the necessary debate on those issues generally, that will happen as much in London and the south-east as in north Wales, the north-west, Yorkshire, Scotland, Northern Ireland and other parts of the United Kingdom.

If we do not have the trajectory of take-up that the Minister anticipates, we might end up with a scheme that, after three years, does not deliver a take-up of 400,000. At the same time, colleagues in London and the south-east and eastern regions will have been impacted by public spending cuts, but their constituents will not have benefited from that scheme. In tabling the new clause and amendments, I was trying to give the Exchequer

Secretary some flexibility to enable him to design the scheme, review it and bring back suggestions accordingly. More importantly, hon. Members on both sides of the House, including the hon. Member for Wimbledon (Stephen Hammond), whose constituency will not benefit from the scheme, can assess its impact.

We welcome the holiday and think it will have a positive impact, although it will not compensate for the things that my hon. Friend the Member for Luton North (Kelvin Hopkins) mentioned. We will have to consider what its outputs are, whether we achieve them and whether the scheme is successful, and we will return to these matters in parliamentary questions. I hope that the Exchequer Secretary will reflect on some of those issues before the Bill reaches another place. I beg to ask leave to withdraw the clause.

Clause, by leave, withdrawn.

Clause 3

INCREASED PRODUCT OF ADDITIONAL RATES TO BE PAID INTO NATIONAL INSURANCE FUND

John Healey (Wentworth and Dearne) (Lab): I beg to move amendment 8, page 2, line 2, at end insert

"The National Audit Office shall report to Parliament by the time of Royal Assent on the Finance Act 2011 on the sum that would be required from the product of additional rates in order for the health service allocation to grow in real terms in every year.".

It is good once again to face the Exchequer Secretary across the Dispatch Box, although not so good to do so from the Opposition side and with him on the Government side. However, he is a serious Minister doing a serious job. He showed that in the way he responded to my right hon. Friend the Member for Delyn (Mr Hanson) and the debate on the first group of amendments. I hope that the Exchequer Secretary will feel that amendment 8 and the amendments that were not selected were intended to be helpful to the Government. With them, we are offering to him, his boss the Chancellor and his colleagues in government the opportunity to act to prove to the public that they will honour the promises the Government made about protecting NHS funding and ensuring it sees a real funding increase each year, not a real cut.

The Bill and national insurance contributions legislation more generally are about raising and allocating national insurance funds and contributions paid into that fund. The NHS has had a special place in that legislation certainly since 2002, when we decided to move, from April 2003, to raise an extra 1% on earnings above £43,800 and to allocate all that extra income to the health service and the NHS. The amendments we tabled, including amendment 8, give the Government the chance to do the right thing by the NHS and the British people. Amendment 8 in particular lays the groundwork for the Exchequer Secretary and his colleague the Chancellor to make the right decisions in order to honour their promises in the Budget.

There were big improvements as a result of Labour's investment in the NHS over the past decade—51,000 extra doctors, 98,000 extra nurses, patient satisfaction at an all-time high—and it is hard to remember that in 1997 there were more than 280,000 people waiting more than six months to get into hospital for the operations they needed. I make that point to explain the broader context to amendment 8, as I am conscious that the House is debating a relatively narrow provision.

1.30 pm

The House will see that we refer in the amendment to health service allocations growing

"in real terms in every year."

As a result of the strength of support for the NHS after 13 years of Labour in government—a recognition of the special place that the NHS has in the hearts of the British people and of the enormous improvements that people had seen—the Conservatives took the view, as they went into the election and came into government, that they needed to protect, or try to protect, some of the improvements for which Labour had been responsible. That was why we heard the now Prime Minister—then Leader of the Opposition—say to the Royal College of Physicians back in January:

"We are the only party committed to protecting NHS spending."

"I'll cut the deficit, not the NHS," he said. "Unlike us," he argued, Labour

"have not committed to protecting areas of the health budget such as public health and capital investment,"

although of course capital investment over the spending review will be cut by more than 17%. Indeed, we saw those very phrases—"I'll cut the deficit, not the NHS"—on the Conservative party's posters during the election campaign, with the Prime Minister's smiling, air-brushed face on them.

Importantly, that personal commitment found its way into the coalition's programme as a formal pledge. Indeed, the coalition agreement said:

"We will guarantee that health spending increases in real terms in each year of the Parliament".

When the Minister's boss, the Chancellor, delivered his spending review statement on 20 October, one of the few flourishes in his speech came when he said:

"This coalition Government made a commitment to protect the NHS and increase health spending every year. Today we honour that commitment in full. Total health spending will rise each year over and above inflation."—[*Official Report*, 20 October 2010; Vol. 516, c. 959.]

However, I spent a little time in the hon. Gentleman's position as a Treasury Minister, and I know that the devil is often in the detail of spending reviews. Despite what the Chancellor said, the problem is that when we looked at table 2.3 of the Green Book, on page 44, we saw that a significant slice of the money for the NHS in England had to be spent not on NHS services but on social care, in an attempt to plug a big hole in social care funding and stave off some of the prospective cuts for some of the most vulnerable people.

That means that, instead of the full allocation of funding being spent on the NHS, £0.8 billion will have to be spent on social care next year, with £0.9 billion spent the following year, £1.1 billion the year after and £1.2 billion in 2014-15. The problem—this is what the terms of the amendment refer to—is that when we take out the double-counting of money for the NHS and social care, instead of the 0.1% increase in NHS funding for next year promised by the Chancellor, there will be a 0.6% cut, or a shortfall of £700 million. In other words, the Government are breaking the promise that was solemnly made by the Prime Minister, set out in the

coalition agreement and repeated on the Floor of the House by the Chancellor when he delivered the spending review.

Mr Kevan Jones (North Durham) (Lab): Does my right hon. Friend agree that the NHS will incur another huge cost—a cost that will not go towards improving patient care—owing to the announced reorganisation of the NHS? For example, with the abolition of the primary care trust in my constituency, most of the money will go on redundancy and organisational costs, which will be another burden and, basically, a cut in the NHS budget.

John Healey: It is an extraordinary state of affairs that a series of serious and significant pledges, set out formally in the coalition agreement in May, should have been broken in the White Paper produced by the Health Secretary in July. My hon. Friend is right: the one thing that the Government promised not to do in the coalition agreement was to go ahead with a top-down internal reorganisation, but that is exactly what is now planned. It could cost up to £3 billion. It is high risk and high cost; it is exactly the wrong thing to do at this stage, when the NHS is facing such tight financial pressures. I also have to say to the Minister that his colleagues are already showing signs of strain.

I am anxious to return to the amendment that the House is discussing. The House will notice that it refers to the National Audit Office, which is an independent, authoritative body. The Minister will appreciate the assessments, analyses and authoritative views of independent bodies. He and his colleagues set up the Office for Budget Responsibility. Its independence has—shall we say?—been put on perhaps a slightly more questionable footing than that of the NAO, but it is nevertheless an important organisation. Indeed, the problems of the hon. Gentleman and his colleagues were compounded when their Office for Budget Responsibility updated the economic forecast and the fiscal numbers in November. One of the significant changes in its independent, authoritative assessment of this country's economic prospects was to its forecast for inflation, thereby changing the deflator—in other words, the amount by which the Government and everyone else anticipate that costs in general, and Government spending in particular, will rise. Instead of a GDP deflator for 2011-12 of 1.9%, as set out in the OBR's June report, its updated economic forecasts in November gave a deflator of 2.5%.

In other words, even before we take into account the double-counting of funding for both the NHS and social care, we have, instead of the wafer-thin rise of 0.1% for England that the Chancellor promised, a much heavier cut, of 0.5%. That has been confirmed by the Library, and by independent, authoritative bodies in the health field and the Select Committee on Health, which said in its report into public expenditure on 14 December that

> "the Government's commitment to a real terms increase in health funding throughout the Spending Review period will not be met."

So the Government are breaking their promises to protect NHS funding in England, Scotland and Wales. Next year, Scotland is now being short-changed in NHS funding by £70 million, while Wales is being short-changed by £40 million. In total next year, there will be a shortfall from the promise made by the Government to the British people in their coalition agreement of more than £1.3 billion—not a rise in NHS funding next year, but a cut. On 20 October, the Chancellor promised to increase health spending over and above inflation. That promise is being broken by £1.3 billion.

Our amendments today, including amendment 8, are intended to be helpful, as I said to the Minister. They are intended to demonstrate how the Government can deal with the problem, if they have the will to keep their promises on funding for the NHS. We endeavour to act as a responsible Opposition, as our leader promised we would. The amendment is therefore designed to show helpful ways in which the Government can use this legislation to keep good both the Chancellor's word and the Government's promise to protect NHS funding, and thereby to see a real increase each year in this Parliament, and not, as at present, to deliver a real-terms cut.

The amendment suggests having an independent assessment and a report carried out by the National Audit Office. The independence is important: it is designed to try to give the public more confidence in what the Government are doing; to give this House more confidence in what they are doing; and to give everyone more confidence that what was a central promise from the Government and a personal promise from the Prime Minister is in fact being met.

This subject came up at the last Prime Minister's Questions before Christmas, and it was interesting to note that the Prime Minister told the House:

> "I am confident that we will fulfil our goal of real-terms increases every year in the NHS." [*Official Report*, 15 December 2010; Vol. 502, c. 902.]

That will not happen next year. The Exchequer Secretary is a talented Minister and he has an opportunity to give his big boss, the Prime Minister, the confidence that he clearly wishes to see by accepting the amendment and allowing the NAO to do an independent report, demonstrating the extent of the shortfall and the extent to which the Government are breaking their promise fully to fund the NHS. By doing so, he would do the House and perhaps even himself a favour.

Jonathan Edwards: In the light of the situation that he has explained applies in England, does the right hon. Gentleman agree that it is reckless for the Conservatives in Wales to promise in the forthcoming National Assembly elections to increase spending on health above the retail prices index?

John Healey: One of the two consequences of devolution is that in this area of health such decisions are taken in Wales for Wales. The second, however, is, I have to concede to the House, that I, as an English shadow Health Secretary do not follow those decisions in detail, so I think the hon. Gentleman is going to have to prosecute that argument in his home area.

Finally, the House will note that the date in the amendment is anticipated to be after the expected Royal Assent to the Bill, so it is tied to the Finance Act. The Exchequer Secretary might want to discuss with the Chancellor the idea of doing this assessment, publishing the report and highlighting the shortfall, showing the extent to which the promises they made to protect NHS funding and give it a real-terms increase in each year of this Parliament are being broken. The Budget, of course,

provides the Chancellor's opportunity to make good his word and make good the promises that his Government have given to the British people on the NHS.

Dr Creasy: I rise to speak to amendment 8, because it goes to the heart of the Bill and what we do in this House. We do not pass laws to raise money for no purpose. Clearly, we raise national insurance for social insurance purposes. Since 2003 there has been a hypothecated fund in our national insurance contributions specifically for funding the NHS, and the amendment addresses that. It is critical that we get the Bill right and that it reflects the important purpose that we attribute to national insurance. I note that, back in 2003, the then Opposition opposed such use of national insurance, but they have come a long way in the past seven years. That is why it is important to get the Bill right and make sure that the public can have confidence that when national insurance is levied, funding will go to national health care services. My first point concerns why that is important and why the NHS therefore needs the guarantee that amendment 8 would provide. Secondly, I will explain why the public have a reasonable expectation that such provision be made.

1.45 pm

First and foremost, we know that the NHS needs more money; it has always needed further investment. Indeed, in 2002, the Wanless report set out some of the challenges that our generation of parliamentarians will face in supporting the national health service. More recently, the King's Fund has highlighted the massive financial pressures on the NHS as it seeks both to make efficiency savings and to deal with the impact of inflation on the cost of treatments. I note that the King's Fund estimates that the Government's VAT rise will cost the NHS an estimated £200 million to £300 million every year. In Committee, the Minister argued that the Bill will reduce the amount of national insurance overall that the NHS has to pay by £200 million a year, so it is interesting to note that that reduction will be swallowed up by an increase in expenditure as a result of the rise in VAT that the Government have introduced. That is before we get to the cost of the planned reorganisation. We must ensure that the NHS has as much funding as it needs to meet its obligations, notwithstanding the promises and pledges that the Government have made.

Mel Stride: Does the hon. Lady accept that, irrespective of whether the amendment is accepted, the Government have the ability to provide whatever level of resourcing for the national health service that they deem fit?

Dr Creasy: The hon. Gentleman raises the interesting question of how we guarantee that. That is precisely the point that I am coming to, because his Government made a pledge to my Walthamstow constituents that they would "cut the deficit, not the NHS". As my right hon. Friend the Member for Wentworth and Dearne (John Healey) has set out in his remarks, there is some uncertainty over whether that is the case. Indeed, we could be seeing cuts in the NHS unless we can be sure that the money it needs will be generated. The amendment provides the Government with an opportunity to show how and why they will do so and to consider hypothecation through the national insurance contributions fund, which has been accepted as a principle across the House, to ensure that the money is provided.

There has been sleight of hand in the investment promised by this Government for the NHS through the attribution to social care. As a former local councillor I know that social care is one of the largest costs that any local authority will face, so the cuts that we have seen in local authority budgets over the last couple of months raise severe questions about the ability to deal with adult social care—even before we consider its relationship to health care at local level. It is very clear to me that there are real concerns about the funding that will go to the NHS in the years ahead.

The amendment would mean that we could all have confidence in the fact that money would go to the NHS budget, about which I know Members across the House care, so that the real-terms increase that my constituents and the Minister's constituents were promised can be made good—not to mention concerns about job losses in the NHS as a direct result of some of this Government's policies. If Government policy is about job creation and the Bill is about ensuring that people are employed and the economy is in recovery, cuts in the NHS that will lead to job losses will provide a real challenge. The amendment is designed to make sure that, given the pressures on its budget, the NHS has the money that it needs, and that the public's expectation, which is reasonable and proportionate given the statements made by Ministers both before and after the general election, will be met.

I note in particular that before the election the Chancellor was very concerned about what the national insurance contribution rise might do to the NHS budget. I am sad to see that the Chancellor is not in his place today; I wish he was here to talk to us. I know that my right hon. Friend the Member for Wentworth and Dearne wrote to him, encouraging him to participate in today's debate. The Chancellor should apply the same degree of concern to ensuring that the money is there for the NHS.

As a member of the Public Accounts Committee, which deals with the National Audit Office, I particularly support the amendment. The amendment would involve the NAO, which has a strong track record of ensuring not just probity but value for money. It is a key concern for us all in these times of economic austerity to ensure that the money goes to the front line in the NHS, that there is a real-terms increase, as we have been promised, and that the Government are held to account if we do not get that, because my constituents living in a poor area such as Walthamstow are already losing out by not getting the national insurance holiday and should at least have confidence that when national insurance contributions go up, the money will go to the NHS, as many of us hope.

I hope that the Government will accept the amendment. It is a reasonable amendment to help the Government keep their promise to the people of Britain that the money goes to the NHS so that we can all have confidence that the NHS will thrive in the years to come.

Kelvin Hopkins: I shall speak briefly in support of the amendment. I strongly endorse what my right hon. Friend the shadow Health Secretary and, indeed, my hon. Friend the Member for Walthamstow (Dr Creasy) have said. Strains in the health service are already being felt, as are pressures on jobs. In my constituency, we are already seeing job losses in the primary care trust and the hospital trust.

[Kelvin Hopkins]

There are obvious points to be made about the increasing costs of modern treatments and the reorganisation mentioned by my hon. Friend the Member for North Durham (Mr Jones), who is no longer in the Chamber. Even Conservative Members have suggested that that reorganisation will lead to further privatisation of the health service, and private health services are inherently more inefficient than public health services. The Americans spend twice as much on health as we do, yet millions of Americans have no proper health cover, because private sector health care is much more expensive than public sector health care. We want to keep public health care in the public sector. Indeed, I believe that even the services that have already been privatised should be returned to a full public national health service. I am sure that Nye Bevan would agree. No doubt he is turning in his grave at this moment at the thought of what the Tories are going to do to the health service, but that is a debate for another day.

However, there are other, less obvious points to be made about the health service. It is, for example, inherently labour-intensive. Unlike manufacturing, it cannot take advantage of productivity gains. Its costs rise not in line with inflation, but in line with average earnings. If we are to ensure that health service employees are properly paid, there must be real-terms increases equivalent to the rise in earnings, not just the rise in prices. In general, earnings rise more quickly than prices as the economy grows, although that is not necessarily the case at present. If we are to have a health service that is as good as we wish it to be, we must bear the employment costs in mind.

I agree with what my right hon. Friend the Member for Wentworth and Dearne (John Healey) said about what Labour achieved during its 13 years in office by increasing spending and improving the quality of the health service. The previous Tory Government had left it in a terrible state. However, although the improvements have been massive, there is still more to do. We must not allow health service funding to be threatened in the ways that have been mentioned today. Amendment 8 is important because it will ensure that that funding is protected. There are many other problems in the health service, and we must not put more pressure on it. We do not want what happened at Stafford hospital to happen elsewhere because of underfunding and understaffing in wards. We must ensure that the service is properly funded.

Steve Baker (Wycombe) (Con): I cannot help wondering whether the hon. Gentleman realises that Buckinghamshire, for example, has inherited an underfunding of 17% per head in comparison with the national average. I am afraid that Labour did leave us a legacy of underfunding, although only in certain parts of the country.

Kelvin Hopkins: I believe that there is a massive difference between the proportion of gross national product spent on health under the Tories before 1997 and the proportion spent on it now. Although I think that we should spend more on health—I have always argued that we should spend as much on it as Germany and France, but we have still not quite reached those funding levels—we have made massive improvements.

For a long time I complained that health service spending in Luton was below the fair funding target. We lobbied our own Ministers heavily on the issue, and I think that we made some progress in persuading them to move in the right direction, but we must ensure that health funding in all areas increases as a proportion of GDP. I hope that Buckinghamshire as well as Luton North will benefit in that regard.

We must accept that improving health care sometimes means increasing rather than decreasing labour intensity. Health care will improve if a ward containing 20 beds and two nurses is given a third nurse. That is certainly true in the elderly care sector, about whose future I am seriously concerned. The fact that our population is ageing is an additional major burden for the health service. We all want to ensure that we are cared for properly when we are elderly—even more elderly than I may be at present. When we are elderly and need care, we want that care to be properly funded, so that we do not suffer in the later stages of our lives.

I strongly support what was said by my right hon. Friend the Member for Wentworth and Dearne, and I hope very much that the Government will accept the amendment.

Sheila Gilmore (Edinburgh East) (Lab): It has puzzled me slightly over the years that successive Governments, and the Treasury in particular, have been so reluctant to engage in hypothecated funding. I know that there are arguments for and against it, but one of the main arguments for it—as has been borne out by the changes in 2003 involving the hypothecation of increased national insurance contributions—is the building of public support for the deed itself. It is true that if we want good services we must pay for them, but people want to know for sure that their money is going where they think it is going.

People in Britain tend to say that we should have Scandinavian-style public services with American-style taxes, but the two simply do not fit together. Scandinavian-style public services come with high taxation. If people can feel confident that their money is going where it is most needed, they will be much more committed to spending it. As I said earlier, I have not always understood why even my own party's Governments have not necessarily been particularly keen on that point of view. It seems that Members have been captured by the Treasury as soon as they have become Treasury Ministers. However, an innovative step has been taken.

Amendment 8 does not ask for the national insurance increase to be hypothecated at this stage. It merely suggests that the door should be left open, and that if it proves impossible to reach the health service spending target to which the Government have committed themselves, it should be possible to use the national insurance increase to ensure that that commitment can be fulfilled.

Gavin Shuker: Have not the Government already accepted the case for the hypothecation of national insurance contributions for the health service? Does not the amendment merely seek to help them along the way by ensuring that the hypothecated funds end up in the right place so that they can fulfil their own commitment?

Sheila Gilmore: It is true that they have not chosen to retreat from the path taken by the previous Government, but the amendment gives them an opportunity to use the fresh, additional contributions if that is required.

The Government have taken a huge step forward in accepting that more money needs to be spent on the health service. For some years, when we were in government, one of the themes that emerged from the then Opposition was that spending lots of extra money was not making a difference. According to them, lots of money was going in at one end, with no indication that anything good was happening at the other end. I perceived that as a sort of softening up: they were telling people that they would still have a good service if they did not spend as much on it. Now, however, there seems to be a recognition that the money is important, and that spending is necessary after all.

That approach is vindicated by the increase in public support for the health service over the past 13 years. According to the findings of a 1997 survey, the level of public satisfaction with the service then stood at 34%. When the same question was asked in 2009, it had risen to 64%—the highest level since the study was first conducted, well before 1997—which showed that people really appreciated what was happening to health spending. I urge the Government not to put all that at risk, but to leave this opportunity open by accepting an amendment that would allow them to meet their own health spending targets and ensure that we do not lose people's current satisfaction with the NHS.

2 pm

Mike Gapes: I will be brief. This amendment is important. As my hon. Friend the Member for Walthamstow (Dr Creasy) said, it has been tabled in the context of the fact that provision for spending on social care is being taken into consideration in the overall budgeting, and there are clearly big problems. There are already concerns about the impact of bed blocking this winter.

I saw a letter yesterday from the chief executive of the Barking, Havering and Redbridge University Hospitals NHS Trust, John Goulston, that was sent to my constituency neighbour, my right hon. Friend the Member for Barking (Margaret Hodge). It was about the closure for periods over this recent winter of the accident and emergency services at the Queen's hospital and the King George hospital, because of the impact of massive increases in admissions and bed blocking. That is serious, and it shows that we need the commitment to the ongoing level of spending in the NHS that is conveyed in the amendment. Because of the decisions of the Joint Committee of Primary Care Trusts in December, the Barking, Havering and Redbridge trust is about to close the accident and emergency and maternity services of King George hospital in my constituency.

Also, yesterday I was informed that the chief executive of the Barking, Havering and Redbridge trust is about to leave for pastures new—for a job with London regional NHS—after three years in post, during which he has not managed to remove the deficit, which is ongoing in that two-hospital trust. He is to be replaced by the chief executive of Chase Farm. She has presided over getting rid of the accident and emergency services at Chase Farm, and she will presumably get rid of the accident and emergency service at King George hospital, Ilford next.

Nick de Bois (Enfield North) (Con): She has not done away with it yet, and nor, indeed, has North Central London, but they have been putting up a determined fight to do so, and I entirely understand the point that the hon. Gentleman is making.

Mike Gapes: I am grateful for that intervention. The hon. Gentleman will know that the previous Member of Parliament for his constituency, Joan Ryan, fought very hard over many years, as I was fighting for my hospital with my neighbour, the hon. Member for Ilford North (Mr Scott) and others, and we continue to do so. As a result of a motion carried unanimously, across the parties, by Redbridge council last week, we are calling on the Secretary of State to intervene to save the accident and emergency and maternity services at King George hospital, Ilford.

If the spending is not in place, more and more hospitals and NHS trusts will face such a problem. It is not just about money; it is about management incompetence, NHS bureaucrats and some consultants who have a model of health care that is not in the interests of the community. However, it is about resources. Those responsible hide behind all kinds of arguments, but ultimately this is an extremely important issue that cannot be left to consultants or NHS managers. It requires political accountability and political decision making, because the public provide the money and vote the money, and it is important that we are accountable for how that money is spent—and so should those people in the NHS bureaucracy on massive inflated salaries, earning two, three, four times what Members of Parliament earn, who do not take account of the wishes of the local community, the local councillors or local Members.

Nick de Bois: The hon. Gentleman should take some comfort, as we have done since the election, from the fact that the Secretary of State has imposed four very determined tests that will allow for GP support and public support. He can take some encouragement from that.

Mike Gapes: I am sorry to disappoint the hon. Gentleman, but I have read the tests. They talk about clinical support, but what we have had is a rigged consultation and a group of placemen and women—hand-picked GPs—who are in charge, and there has been no ballot of GPs so there is no means of assessment. Those responsible say that the decision is clinically led, but we are now beyond that because the Joint Committee of Primary Care Trusts has said there has been clinical support, even though we know there is significant opposition. We now require the Secretary of State to intervene, and to save King George hospital's accident and emergency and maternity services, which we have had in my constituency since 1926.

Mr Gauke: First, may I welcome the right hon. Member for Wentworth and Dearne (John Healey)? It is a great pleasure to debate with him again. My first experience as a Front Bencher was debating with him and, although we now sit on different sides of the House, it is good to do so once again. I am pleased to be sitting on the Government Benches now, rather than on the Opposition side, but I am sure he has ambitions to return to these Benches. There are not many subjects on which I agree with the vast majority of Labour MPs, but one on which I do is the high regard in which they obviously hold the right hon. Gentleman. I am pleased by his popularity and the progress he has made.

Amendment 8 would require the National Audit Office to report on how much would be required from the additional rates in order for the health service allocation

[Mr Gauke]

to grow in real terms every year. It may be useful to clear up one or two potential misconceptions. The amount that is to be spent on the NHS was confirmed at the spending review, and is unaffected by whether funds come from national insurance contributions or elsewhere. The amount of national insurance contributions allocated to the NHS depends on economic circumstances as well as the proportions specified in legislation. I would like to reassure the House that it is no part of Government policy to cut NHS funding automatically if, for example, global economic conditions lead to a reduction in national insurance contributions allocated. To be fair, that has not been the position of any Government, notwithstanding the fact that there has been an allocation element of national insurance contributions not just from 2003, but from 1948 when the NHS was created.

Kelvin Hopkins: We have to be very precise about what we mean when talking about cutting funding. Previous Governments and Ministers have talked about funding not being cut when it has stayed the same in money terms, which is a real-terms cut. Even raising funding in line with one or other measure of inflation may mean a cut. We have to talk about this in real terms in the sense of what is actually done within the health service. That is the measure we should use, in order to make sure nothing is cut inside the health service.

Mr Gauke: I note the hon. Gentleman's remarks. The position is set out in the coalition agreement, and the October 2010 spending review met the Government's commitment on HNS funding in full, and did so without changing the allocation of national insurance contributions to the NHS. The effect of our policy is to maintain the level of national insurance contributions allocated to the NHS and to allocate additional revenues from rate rises to the national insurance fund. This helps ensure that plans for payment of pensions and other contributory benefits are sustainable in the long term. We can protect pensioners by the new triple-lock, which guarantees each and every year a rise in the basic state pension in line with earnings, prices or a 2.5% increase, whichever is greater.

In ordinary circumstances, we should expect contributions to rise broadly in line with earnings, and therefore to rise in real terms. Therefore, under the Government's proposals we should expect allocations to the NHS to rise in real terms in a typical year. Amendment 8 would require the NAO to report on how much would be required from the additional rates in order for the health service allocation to grow in real terms every year. The Government's view is that this would be a pointless exercise, since whether or not the NHS allocation grows, the Government have decided on the amount the NHS will spend. In any case, the amount allocated to the health service from national insurance contributions would, other factors being equal, be expected to grow in line with earnings and therefore grow in real terms every year under the terms of the Bill. This amendment is therefore unnecessary, and I recommend that the right hon. Member for Wentworth and Dearne withdraw it.

I have focused my remarks narrowly on what the amendment is about and why it does not do what is intended. However, I must remind the House of Labour Members' comments on the subject of health spending more widely. The right hon. Gentleman's predecessor as shadow Health Secretary, who is now shadow Education Secretary, has said:

"It is irresponsible to increase NHS spending in real terms within the overall financial envelope that he, as chancellor, is setting."

It was also not that long ago that the shadow Chancellor, whose remarks we study closely, said that there was

"no logic, sense or rationality"

to the policy of ring-fencing NHS spending. I am pleased that Labour Members are now taking a different approach. It has been clear from the remarks made by the right hon. Member for Wentworth and Dearne that they are in favour of real-terms increases in health spending, and we are pleased that the Government have won that argument.

John Healey: The Minister was talking about the shadow Chancellor and the approach we take to the decisions that the Government have made on NHS funding. May I therefore remind the Minister of what my right hon. Friend said when he so ably responded to the spending review statement? He said:

"We support moves to ring-fence the health budget". —[*Official Report*, 20 October 2010; Vol. 516, c. 968.]

Mr Gauke: That was the shadow Chancellor's position then, but I believe that a few days earlier he had said that there was

"no logic, sense or rationality"

to the policy. If he has changed his position, Government Members would welcome that. The Prime Minister—my "big boss", as the shadow Health Secretary has described him—has said that we are

"confident that we will fulfil our goal of real-terms increases every year in the NHS."—[*Official Report*, 15 December 2010; Vol. 520, c. 902.]

That will occur, regardless of whether any amendment such as that proposed by the right hon. Member for Wentworth and Dearne is included in the Bill; this is a matter of spending and this mechanism is not terribly helpful. Given those comments, I hope that he will withdraw the amendment, although I am not optimistic.

Chris Leslie (Nottingham East) (Lab/Co-op): I should like to say how pleased I am that my right hon. Friend the shadow Health Secretary has been able to extend the offer of support to the Government with this amendment. He seeks to be as helpful as an Opposition can be and to encourage the Government to live up to their coalition agreement promise to ensure real-terms growth for our national health service.

As many of my hon. Friends have said, the NHS is absolutely at the top of our constituents' concerns and it is important that we ensure that we deliver a real-terms increase, particularly given the relatively high level of NHS inflation compared with mainstream inflation. I am sorry that, despite the hand of friendship being offered, the Minister felt that amendment 8 was "a pointless exercise" and "unnecessary". I thought that rather cruel. We think that the National Audit Office probably would be more than happy to undertake a study to find out how much money the Chancellor would need to add to the sum already committed in

order to fulfil the Prime Minister's promise. Interestingly, the Minister said that he was confident that the Government "will" meet their commitment; he did not say that they "have" met it. Perhaps I am reading between the lines in a way that I should not, but it was almost as though the Minister was conceding, to a degree, that the sums allocated in the spending review do not fulfil that real-terms growth.

I am sorry that the Minister did not address the two key points, and I would be more than happy to give way to him if he would care to address them. The first relates to the social care switch, whereby accounting and statistical opportunities have suddenly been taken to move a sum that had been and still is to be delivered by local authorities under the budget heading of the NHS—of course, social care will continue to be delivered by local authorities. Perhaps the Minister would like to confirm that that is the case. Therefore, to classify this money as part of the NHS growth is disingenuous in almost anybody's book.

2.15 pm

The second issue that, regrettably, the Minister did not address is inflation, which is quite high and rising. No wonder then that, as the shadow Health Secretary said, the Office for Budget Responsibility changed its definition of the deflator from 1.9% in June to 2.5% now. Again, the needle is being moved from real-terms growth, as was being claimed, to a real-terms cut for the national health service budget. When we combine those two elements, we see that we are talking about a £1.3 billion shortfall in real-terms growth. That is a serious sum and it affects all our constituents, which is why the amendment is so important. We believe that it could represent at least 12,000 nurses and 3,000 consultants, if we are generous about what that £1.3 billion represents. These health services affect each of our constituents, so I would be grateful if the Minister addressed those two issues.

Kelvin Hopkins: My hon. Friend mentioned inflation costs, over which the health service currently has no control, because they relate to things such as energy, fuel and food. All those costs are externally generated, because we import a lot of those things, and so we have no real control over the costs. Therefore, the health service has to be compensated properly for the extra costs.

Chris Leslie: Absolutely. My hon. Friends the Members for Luton North (Kelvin Hopkins), for Walthamstow (Dr Creasy) and for Edinburgh East (Sheila Gilmore) have all mentioned that these costs are increasing. As we know, the drugs budgets and so forth are increasing, so this issue will be right at the centre of the national political debate. We know that this Government have a habit of casually casting aside the commitments that they made in the coalition agreement. We really do not want them to rack up yet another broken promise, but it is starting to look as though the Treasury is in that particular space. This situation is not good for our constituents, we want the national health service to grow successfully and we thought that this amendment would offer the olive branch of friendship across the Chamber so that the NAO could, once and for all, clarify whether the Government are living up to their promise. The Minister's description of our attempt as "a pointless exercise" is hurtful and, for that reason, we probably have to divide the House to ensure that we can at least test this issue and try to keep the Government to their commitments.

Question put, That the amendment be made.

The House divided: Ayes 90, Noes 262.

Division No. 167] **[2.17 pm**

AYES

Abbott, Ms Diane
Alexander, Heidi
Ali, Rushanara
Austin, Ian
Bain, Mr William
Banks, Gordon
Bayley, Hugh
Bell, Sir Stuart
Benn, rh Hilary
Betts, Mr Clive
Blackman-Woods, Roberta
Brennan, Kevin
Brown, Lyn
Burden, Richard
Clark, Katy
Clwyd, rh Ann
Coaker, Vernon
Cooper, rh Yvette
Creasy, Dr Stella
Cryer, John
Cunningham, Tony
Darling, rh Mr Alistair
David, Mr Wayne
Denham, rh Mr John
Docherty, Thomas
Eagle, Ms Angela
Edwards, Jonathan
Efford, Clive
Farrelly, Paul
Fitzpatrick, Jim
Fovargue, Yvonne
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Green, Kate
Griffith, Nia
Hanson, rh Mr David
Healey, rh John
Hepburn, Mr Stephen
Hillier, Meg
Hodgson, Mrs Sharon
Hopkins, Kelvin
Hunt, Tristram
Jackson, Glenda
Jones, Mr Kevan
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Khan, rh Sadiq
Lammy, rh Mr David
Lazarowicz, Mark
Leslie, Chris
Llwyd, Mr Elfyn
Lucas, Ian
Mahmood, Shabana
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McFadden, rh Mr Pat
McGovern, Jim
McKechin, Ann
Miller, Andrew
Morden, Jessica
Morris, Grahame M. *(Easington)*
Nandy, Lisa
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Raynsford, rh Mr Nick
Robertson, John
Rotheram, Steve
Roy, Lindsay
Ruddock, rh Joan
Seabeck, Alison
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Nick
Spellar, rh Mr John
Stuart, Ms Gisela
Thomas, Mr Gareth
Timms, rh Stephen
Trickett, Jon
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Watson, Mr Tom
Wicks, rh Malcolm
Williams, Hywel
Winnick, Mr David

Tellers for the Ayes:
Mr Alan Campbell and Phil Wilson

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew

Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Byles, Dan
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davies, Philip
de Bois, Nick
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mr Mark
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Gove, rh Michael
Grant, Mrs Helen
Gray, Mr James
Green, Damian
Greening, Justine
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Howell, John
Hughes, rh Simon
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Mordaunt, Penny
Morris, Anne Marie
Morris, James
Mowat, David
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Opperman, Guy
Ottaway, Richard
Parish, Neil
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Skidmore, Chris
Smith, Henry
Smith, Julian
Smith, Sir Robert
Spelman, rh Mrs Caroline
Stanley, rh Sir John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swayne, Mr Desmond
Syms, Mr Robert
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Ward, Mr David
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Miss Chloe Smith and
Mr Robert Goodwill

Question accordingly negatived.

Clause 4

Holiday for new businesses

2.30 pm

Mr Hanson: I beg to move amendment 1, page 2, line 9, leave out paragraph (b).

Mr Deputy Speaker (Mr Lindsay Hoyle): With this we will discuss the following:

Amendment 2, page 2, line 21, leave out subsection (5).

Amendment 3, in clause 11, page 6, leave out lines 24 to 29.

Amendment 4, page 6, leave out lines 35 to 41.

Mr Hanson: The purpose of the amendments is self-evident and clear. We discussed this issue at great length in Committee but it is worth revisiting today to see whether the Minister has reflected over Christmas and the new year on the views that we put forward in Committee. The amendments would do one simple thing: include the regions of London, the south-east and the east in the regional secondary contributions holiday in the Bill. As I have said in relation to earlier amendments and throughout the Bill's proceedings, we welcome the idea of a payment holiday but we do not believe that its implementation is fair or that it meets the objectives that the Minister has outlined of helping to tackle problems in areas with high public sector employment that will be disadvantaged by the pending public sector cuts, which will impact on both local government and central Government services throughout the country.

I accept, as my hon. Friend the Member for Luton North (Kelvin Hopkins) has said, that the Bill as a whole is not a panacea for tackling long-term unemployment or, indeed, the impact of public spending cuts and further potential unemployment across the board. What it does do, however, with its limited scope, is ensure that we provide an incentive over a short period—the next three years—for new businesses to be established. They will receive a payment holiday for national insurance contributions, which will be a small but a significant help towards the establishment of new businesses.

The Minister's logic is that the scheme will operate in the selected regions because it should be used to help businesses where there has been a major impact on public sector employment, and he has specifically excluded the whole of the London, south-east and east regions. Let me chide him slightly, because I think he has fallen into the trap of believing that the whole of the London, south-east and east regions are similar in characteristic, have low levels of unemployment, low levels of deprivation and a low level of public sector employment. If the Government did not believe those things, he would have included those three regions in the scheme.

There are certainly high levels of employment and great prosperity in the east and south-east regions and there are certainly constituencies and even sub-regions with low levels of public-sector employment. However, there are also areas, as I am sure my hon. Friends who represent those areas will testify today, with extremely high levels of deprivation, unemployment and dependency on public sector employment that will be excluded from the potential benefits of the secondary benefits holiday because the Minister has excluded those three regions from the scheme.

Joan Ruddock: Perhaps my right hon. Friend is aware that the average level of public sector employment in the UK is 21.7%, but the figure in my constituency is 30%. Does he share my astonishment that my constituency and other parts of London with such a high level of public sector employment—leading, I am sorry to say, in these times, to high public sector unemployment—are being excluded?

Mr Hanson: My right hon. Friend makes that point in relation to Lewisham and her constituency, but as I shall discuss, it is not just her constituency and Lewisham borough that will be excluded and disadvantaged by the scheme. For example, the constituencies of Oxford East; Luton North; Lewisham East; Canterbury; Southampton, Test; Eltham; West Ham; North Thanet; Hackney North and Stoke Newington; Tooting; Islington North; Dulwich and West Norwood; and Brighton, Kemptown all fall, by the Minister's own criteria, in the top 60 constituencies for public sector employment, but they will not be eligible for the scheme because the Minister is excluding them from it.

If the Minister looks, as he has, at the House of Commons figures that I raised with him in Committee, he will see that 23 of the top 100 constituencies for public sector employment in England, Wales, Scotland and Northern Ireland fall within the three regions that are excluded from the scheme. So my right hon. Friend makes a clear and telling point on behalf of her constituents, but 23 of the top 100 constituencies fall into the same category.

Jonathan Edwards: I accept the point made by the right hon. Gentleman, but does he not recognise the need to rebalance the economy on a geographical basis? If he does not support this measure, what measures would he like to introduce?

Mr Hanson: I certainly would not have abolished the regional development agencies or cut public spending with the speed and to the extent that the Government are doing. I certainly would not have cut the Welsh Assembly Government's budget in our own areas to the extent that the Government will do over the next two to three years. That would have helped to manage the necessary downturn in public spending that we needed to make to readjust the economy in a way that was proportionate, fair and met our constituents' needs for public services and for employment.

Mike Gapes: My right hon. Friend refers to 23 of the top 100 constituencies, but if he extends the list to 105 constituencies to include Ilford South—my constituency—all those next five constituencies are also in the relevant regions, so he could refer to 28 of 105, and there is 38% public sector employment in my constituency.

Mr Hanson: I am grateful to my hon. Friend. Would I ever try to miss out the good constituency of Ilford South? My purpose was to indicate that the inclusion criterion that the Minister has selected is based on one simple issue: how to compensate for and deal with public sector job losses and provide a mechanism to help to support the creation of new jobs where public sector jobs are lost. On his criterion, 23 of the 100—or 28 of the 105, to take my hon. Friend's figures—show that those issues are not being dealt with in the way in which the Minister has said.

If I look at the impact of the possible 490,000 public sector job losses, I see that they will hit hardest those constituencies with public sector employees. If I add to that, as I have to do, the benefits of job creation and look at local authorities on the economic deprivation index, I see that no fewer than seven of the top 12 of those economically deprived boroughs fall within areas that are excluded from the scheme. The boroughs of Hackney, Newham, which is represented here today by my right hon. Friend the Member for East Ham (Stephen

[Mr Hanson]

Timms) and my hon. Friend the Member for West Ham (Lyn Brown), Tower Hamlets, Islington, Barking and Dagenham, Haringey and Lambeth are all in the top 12 economically deprived boroughs, yet they cannot avail themselves of the scheme.

Other constituencies throughout the country—again, I will alight on Tatton, because its is the Chancellor's constituency and one that I know well—where unemployment is low and there are many business start-ups and great pockets of wealth, will benefit from the scheme and can apply to include businesses in the scheme, while boroughs such as Newham, Tower Hamlets and others that I have mentioned will not be able to do so. If we look at the unemployment rate across the United Kingdom, which is 7.9% on the latest figures, we see that unemployment in London is 9.1%.

Henry Smith (Crawley) (Con): As an MP from the south-east, I resent being put into this invidious situation. But why does the right hon. Gentleman think that we are in this invidious situation, whereby we must make tough choices to re-stimulate the economy after the economic disaster in which the Labour party left the country?

Mr Hanson: I am happy to discuss macro and micro-economic issues with the hon. Gentleman. There is a clear divide between the current Government and the previous Government. We had a deficit reduction plan over three years. We would have cut public expenditure and made savings. In the Department in which I was a Minister in the last Government, we had earmarked £1.5 billion of savings over the next three years. We would have done that.

There is a difference about the scale and depth of the cuts. The hon. Gentleman and I can argue about that, but he needs to recognise that, if he walks through the Lobby to vote against the amendment today, he will be denying new businesses in his constituency the ability to gain access to the scheme, while allowing areas with lower unemployment and lower deprivation, perhaps in parts of the north of England, which are not completely a desert, to benefit from the scheme. He has to wrestle with that issue. Let me advise him that however he deals with it, we have the ability to let the residents of Crawley know what he will do on the issue. He and others need to look at that. There is still time for him to vote with the Government today, but then to speak to the Minister privately, to get his colleagues from Kent, other parts of Sussex, Berkshire and Hampshire together, to get them to talk to the Minister, and to get the Minister to reflect on this in the other place, so that we can make the scheme much wider. Colleagues from London and I would give him credit for doing that.

I put this to the Minister: the unemployment rate in London is higher than in the south-west, in my region and in that of the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards), in Wales. It is higher than in Scotland, the east midlands and the north-west, and it is above the UK average. The unemployment rate in the constituency of my hon. Friend the Member for West Ham was 6.8% at the last count. The rate is 7.7% in Tottenham, and 6% in Camberwell and Peckham; in Tatton, Richmond and Derbyshire Dales, it is under 2%.

I have no objection to a scheme being developed to help create employment where employment is lost, but if the logic of the scheme is what the Minister has made it out to be—to deal with public sector employment—I should point out that at the moment 23 of the 100 constituencies with the highest levels of public sector employment are not included. If it is to deal with unemployment, which is higher in the places that I have mentioned than in other parts of the country, the Minister needs to reflect on that in relation to what he has done today.

The Minister does not need to listen to me; John Walker, the national chairman of the Federation of Small Businesses, has said:

"With small firms in the South East most likely to be working below capacity, this shows how wrong the Government is to not include this vital region, as well as the East and London, in its proposals for a National Insurance holiday…With 600,000 public sector jobs expected to be lost, stimulating private sector job creation…in small firms, will be vital to rebalancing the economy."

The Thames Gateway London Partnership makes similar points:

"the data clearly shows that…the National Insurance Holiday is unfair as it excludes areas in the Thames Gateway which we believe would otherwise be targeted for government support."

The partnership has helpfully shown—this backs up what my right hon. Friend the Member for Lewisham, Deptford (Joan Ruddock) has said—that there are high levels of public sector employment in the London area, which would benefit from the scheme.

Joan Ruddock: I am most grateful to my right hon. Friend for giving way yet again. He may be aware that of the 10 Thames Gateway London boroughs, seven are in the 40 boroughs with the highest levels of multiple deprivation. My borough is at No. 39. Surely we have to be included in the scheme.

Mr Hanson: My right hon. Friend makes an important point supporting my central argument. I am trying to argue on the Minister's own grounds. He argues that the scheme aims to help where there is loss of public sector employment. If 23 of the 100 constituencies with the highest levels of public sector employment do not benefit, the Minister's scheme is not meeting the needs that he has set it to meet.

Let us look at public sector employment in the London Thames Gateway region. Some 21% of people employed in Barking and Dagenham work in the public sector. The figure is as high as 31% in Greenwich, 30% in Lewisham, 33.6% in the borough of Newham, 28.4% in Redbridge, and 26.6% in Waltham Forest, in the constituency of my hon. Friend the Member for Walthamstow (Dr Creasy). The Thames Gateway London partnership has helpfully provided me with information on the subject. Even boroughs represented by two Conservative Members of Parliament, such as Southend-on-Sea, will not benefit from the scheme, although it has 24.66% of people employed in the public sector. Let us look at authorities in Kent, represented not by Labour Members of Parliament, but by Conservatives. In Medway, nearly 24% of people are employed in the public sector. In Gravesham, it is 22.2%, and in Swale it is 19.7%. Those are areas with high public sector employment that will not benefit from the scheme.

2.45 pm

If we look at business births, as we have in earlier discussions, we find that figures for the east and for the south-east are lower than the national average. The most recent figures of 9.9% in the east and 9.7% in the south-east reflect a lower number of business births than the north-east, the north-west, Yorkshire and Humberside, which will benefit from the scheme. So, the issue is about how we cut the cake accordingly to meet the needs of those areas, and I cannot see why the Minister wishes to do it his way.

Self-evidently, the scheme needs to be paid for and there is a cost to all its aspects to date. The Minister says that the scheme as a whole, over its three-year gestation, will lose the Treasury about £940 million in revenue, and he expects about 400,000 new businesses to commence. After six months of the scheme, 1,500 businesses have taken it up, and under the Bill there are two years and nine months left until its end date.

The Minister has the scope to extend the scheme to the three regions and to ensure that we retain the 400,000 potential businesses and the £940 million loss of income, but the take-up to date and the take-up in the near future mean that he can monitor the situation and look at including areas of high deprivation. The figures show that that is required.

In a parliamentary answer last year, the Minister gave me figures of about £250 million for the cost in London, £250 million in the south-east and £160 million in the east, a total of some £660 million. As of today, not one penny of that money has been allocated or spent, because the scheme is not applicable to those regions. By the time the Bill receives Royal Assent, the scheme as currently constituted may have been operational for almost a year and have two years left, but the cost of it will not have reached that level.

I shall therefore certainly keep a close eye on take-up, which I do not believe will meet the 400,000 target that the Minister has set for the regions outside London, the south-east and the east. He could extend the scheme to those regions, and if he believes there to be too great a cost or subscription, he could terminate it early. He could also agree to extend the scheme with the appropriate resources. There are many ways in which he could look at the issue, and earlier amendments were designed to give him the flexibility to do so, but my main contention is that there happen to be public sector workers, deprived communities and people with long-term social and unemployment problems in areas that are traditionally seen to be well-off, such as London and the south-east. If the scheme, which the Minister designed, excludes in those areas not only the constituencies of my right hon. and hon. Friends, but the majority of constituencies, represented by Government Members, its purpose will be decried.

I say to the Minister once again that we support the scheme. It is a small but positive benefit that compensates for massive public spending cuts, which we would not have made on that scale. If he maintains the scheme in its current format, however, he will end up creating jobs in areas of the north where there is wealth and prosperity, as well as areas of the north where there is not, and ensure that areas of great deprivation in the south and, particularly, in London cannot access it.

I commend the amendment to the House. I hope that the Minister has reflected over Christmas and new year on the arguments that we made in Committee, reflects on those that we have made today and either responds positively to them or at least explains why my right hon. and hon. Friends and their constituents should lose out on the scheme.

Andrew Bingham (High Peak) (Con): I support the general idea and hear the points that Opposition Members make, but we have to remember that in High Peak setting up a business is not easy. It is not easy anywhere in the country, but we need to look at rebalancing the economy, and in the north-west, or in the east midlands where High Peak is, we have to contend with such issues as rurality and communication links that are not of the same gravity in the south-east. Members might recall how I went on about the Mottram-Tintwistle bypass, but that road link in and out of High Peak makes it difficult for businesses to get going and to survive.

I remember setting up a business years ago and how difficult it is. On transport costs, we used to deal predominantly with south-east companies. We had to get goods up from the south-east and deliver them around the country, which created extra costs. Hon. Members might smile, but one of the things I have noticed since being elected to the House is that it is so much warmer in the south. I can assure hon. Members that it is cold in High Peak and that there are extra heating costs and numerous other extra costs and overheads. The measure is an incentive to business men and, importantly, new business men to start their businesses in the north.

Dr Creasy: I draw the hon. Gentleman's attention to the fact that business men and women in the south-east may well be familiar with a concept called the living wage, which reflects the high cost of living in London and therefore some of the difficulties that new employers might face in attracting staff because they have to pay a higher wage in the south-east. It is not all grim up north.

Andrew Bingham: We have expensive houses in High Peak—I have seen something on my BlackBerry today about house prices being expensive. We have issues, but it is not grim up north. Speaking as someone who is technically the Member for Royston Vasey, as the programme concerned was filmed in my constituency, I implore all southern MPs to come to High Peak. It is not grim. *[Interruption.]* It is beautiful. Thank you; we agree on something.

I reiterate the point that there are challenges to setting up businesses outside the south-east—for example, slower broadband. That is another hobby-horse of mine. The measure is an incentive. It will get local people setting up local businesses in the north and outside the south-east, which will rebalance the economy. I hope that more businesses will flow up north to High Peak and other constituencies. The measure is an excellent policy. We hear all about the cuts, but they are having to be made because of the economic carnage left by the Labour party. If we acknowledge that, we might get somewhere.

Stephen Timms (East Ham) (Lab): I am very grateful to my right hon. Friend the Member for Delyn (Mr Hanson) for tabling the amendment and for the

[Stephen Timms]

fact that he has already referred to the Thames Gateway. I want to refer to issues associated with the Thames Gateway area and the borough I represent, Newham, together with my hon. Friend the Member for West Ham (Lyn Brown) who is in her place.

It is clear that the Government have simply got this wrong. If we consider the criteria that the Government have said should be applied to choosing where this incentive is available, as my right hon. Friend has said it is in those parts of the country where the proportion of public sector dependence is high that we need to encourage new businesses to start up and take on employees. Of course that is exactly the situation and is what is required in the Thames Gateway area on the east side of London. It is absurd to omit from the scope of this initiative areas that the Government have themselves identified for the promotion of new business growth.

I put it to the Minister that he is not being invited to support the policies of the Labour party or, indeed, any other institution; he is being invited to support the policies of the Prime Minister. It is extraordinary that the one area of the country where the Prime Minister has called explicitly for the creation of Silicon Valley-style economic regeneration based on high-tech start-ups is being missed out from the initiative. Let me refer the Minister to the speech that the Prime Minister gave in east London on 4 November—his east end tech city speech—and point out some of the comments he made. The Prime Minister said:

"Only three years ago, there were just fifteen technology start-ups around Old Street and Shoreditch...it's clear that in East London, we have the potential to create one of the most dynamic working environments in the world. And I believe we can really turn this vision into a reality."

I agree with the Prime Minister. I am baffled by the fact that in this Bill the Prime Minister's initiative is being undermined, and I want to find out from the Minister why that is so. I hope he will accept the case that my right hon. Friend the Member for Delyn has made and, even at this late stage, accept the amendment.

Joan Ruddock: I think my right hon. Friend is providing the answer to the hon. Member for High Peak (Andrew Bingham). This is not about rebalancing between the south and the north; it is about rebalancing within London and the south-east where people are put out of public sector jobs and we hope that they might go into new businesses.

Stephen Timms: My right hon. Friend is absolutely right. I also agree with the hon. Member for High Peak (Andrew Bingham) about the importance of high-speed broadband for bringing about this kind of change. Of course, at the moment we do not know which Department in Government is responsible for broadband—we were attempting to clarify that earlier.

In his speech on 4 November, the Prime Minister went on to spell out how his vision could be achieved. He said that experience

"teaches government some simple things. Go with the grain of what is already there. Don't interfere so much that you smother. But do help out wherever you can. Help to create the right framework, so it's easier for new companies to start up, for venture capital firms to invest, for innovations to flourish, for businesses to grow."

That is what the Prime Minister has said he wants to happen in the east end tech city initiative.

Gavin Williamson: Does the right hon. Gentleman feel a sense of responsibility, as a former Minister, for the 11,000 pages of tax code which, every single day and every single year, stifles new businesses in setting up? Does he accept a responsibility for that stifling of innovation and industry?

Stephen Timms: I take a good deal of satisfaction from the progress that we saw with the development of high-tech business spin-outs from universities under the aegis of the previous Government. That was one of their very significant achievements.

Gavin Williamson: Do you not accept that the 11,000 pages of tax code, which doubled under the last Labour Government, is stifling British industry, and that that is partly your responsibility and your party's responsibility?

Stephen Timms: I do not think that it is the Deputy Speaker's responsibility.

Mr Deputy Speaker (Mr Lindsay Hoyle): In fairness, some may hold me responsible, but I can assure the hon. Gentleman that I am not.

Stephen Timms: This is what the Prime Minister called for in November:

"The right framework, so it's easier for new companies to start up".

That is what he wants to happen in the east London tech city initiative. My question to the Minister is why is the Bill not doing that which the Prime Minister has so clearly called for? If it were my right hon. Friend the Member for Delyn appealing to the Minister to do that, I could understand why he would not be willing to do it, but it is the Prime Minister, who appointed the Minister to his job. Why is the Minister not doing what the Prime Minister said?

I commend to the Minister the Prime Minister's speech of 4 November, in which he went on to describe what different parties are doing to help to secure this vision of a new high-tech city in east London:

"But what about here—in the heart of east London where there's already so much to work with? We're working with business to make sure the infrastructure and advice you need is in place. Imperial Innovations, the venture capital arm of Imperial College London"—

Andrew Bridgen (North West Leicestershire) (Con): Does the right hon. Gentleman welcome the coalition Government's reintroduction of the enterprise allowance scheme, which we have opened to people the length and breadth of the UK who have been unemployed for six months or more to help them get into self-employment?

Stephen Timms: I have always taken the view that self-employment is a very important vehicle for helping people not in work to get into work. That is why the new deal for self-employment, as an element of the new deal in the past, was so valuable, and I welcome other initiatives to achieve the same thing.

The Prime Minister went on to say that Imperial Innovations

"is going to advise on making sure this accelerator space is attractive to spinout companies from academia and beyond. Indeed, they will be encouraging some of their own brilliant companies to be based here."

I very much welcome that. I look forward to those start-up companies being established.

3 pm

What is the Exchequer Secretary doing about that? With the Bill, he is encouraging those companies to go elsewhere. Why is he not getting behind the Prime Minister's vision? The Prime Minister made it clear that it is not just Imperial college that is supporting it: McKinsey & Company is supporting it, and British Telecom has agreed to bring forward the roll-out of super-fast broadband so that we have the fastest internet speeds, as was rightly raised by the hon. Member for High Peak. The Prime Minister talked about Qualcomm providing expert advice, Vodafone's commitment to bring the Vodafone Ventures investment fund to the capital, and so on.

My question to the Exchequer Secretary is why the Treasury was not on that list of partners that support the initiative. Why is everyone getting behind the Prime Minister's vision, except him and his Department? The Prime Minister said:

"I want to thank each and every one of the companies and investors that has come together to do this. It's like nothing that has happened in our country before. It is a genuine innovation network – bringing together high growth start-ups, universities, investors and global companies.

And thanks to these efforts, we can help make East London one of the world's great technology centres".

The Prime Minister explained the contribution that the Government would make, including what UK Trade & Investment would do to support the vision. It is striking that in that speech he was not able to identify any help that the Treasury would provide for the initiative.

The Prime Minister made another excellent point in the speech:

"Of course, we will change laws where necessary so we break down the barriers to innovation."

Well, let us change this law. This is the opportunity to do so.

Harriett Baldwin (West Worcestershire) (Con): I am fascinated to hear the right hon. Gentleman make these points, because I do not remember you proposing a national insurance cut. Indeed, you went to the polls with a national insurance increase.

Mr Deputy Speaker: Order. I was not in the Treasury. I am getting a lot of your blame, and I do not like it.

Stephen Timms: I reassure the hon. Lady that when I was in the Treasury, I put an enormous amount of effort into supporting exactly this kind of initiative. I supported the Thames Gateway initiative specifically, as well as other regeneration initiatives.

The Government are now saying that they will not give grant funding, but instead will provide incentives. This is our one opportunity to boost the incentives for establishing the kind of business that the Prime Minister wants in east London, and it will be forgone unless the amendment is agreed by the House this afternoon.

I do not know exactly how things work in the Conservative party. Who speaks to whom, and who is on whose side is all closed to me. It may be that the Exchequer Secretary feels that he does not need to take much notice of what the Prime Minister says. Perhaps he speaks to other people in his party. Let me therefore point out that it is not just the Prime Minister who wants the initiative to go forward. I point him to what the Mayor of London said—perhaps he takes more notice of him than the Prime Minister, I do not know. The Mayor said:

"we can and must do more to cement our position as a global magnet".

He went on:

"the Olympic and Paralympic Games will bequeath to London a vibrant new business quarter in the east of our city. We must do everything we can to support its development".

This afternoon, we have the opportunity to do something to support the Mayor of London's call to develop the vision set out by the Prime Minister. We must not let this opportunity pass us by.

Perhaps the Exchequer Secretary does not take much notice of what the Mayor of London says, either—again, I do not know about that. If that is the case, let me point out to him the position of the Department for Communities and Local Government. Its website states:

"The Government is committed to making a success of the Thames Gateway…we will promote incentives to invest and develop in the area, instead of grant funding specific projects."

That returns me to the point that I made a moment ago in response to the hon. Member for West Worcestershire (Harriett Baldwin). We understand that the Government are not now willing to contribute grant funding. We disagree with them about that, but are told that there will instead be incentives to invest and develop. Here we have an opportunity to provide just such an incentive. As far as I am aware, the Government have not come forward with any other incentive, and we can provide one along the lines of the policy that the DCLG has set out. We should take that opportunity, and I hope that the Exchequer Secretary will do so this afternoon by accepting the amendment, so that we can provide an incentive in an area that has been so specifically identified by the Prime Minister, the Mayor of London and the DCLG.

The DCLG website also states that the Government will

"work with other departments to identify how their programmes bear on the Thames Gateway and need to be adapted".

The initiative in the Bill clearly needs to be adapted to fulfil the Government's policy for the Thames Gateway. I hope that the Minister will tell us what representations he has received from the DCLG, because it is an extraordinarily disjointed approach for one Department to say that it will introduce incentives and initiatives in one area and for the Treasury to take not a blind bit of notice and send all the incentives somewhere completely different.

The previous Government used to talk about "joined-up government", and indeed we made important progress towards achieving it, so that all the different parts of Government were pushing in the same direction towards the same goal. Here we have a case in which the Prime Minister, the Secretary of State for Communities and Local Government and the Mayor of London are on one side, and the Exchequer Secretary and his colleagues

[Stephen Timms]

are on the other. I invite him to support what his right hon. and hon. Friends are saying, and not to stand aloof from the policies of the Government of whom he is a member. The Treasury should not be an island, cut off from everybody else and doing its own thing without talking to others or supporting what they are doing, but that seems to be the position with this Bill.

I invite the Exchequer Secretary to accept the amendment and agree that the incentive should be applied in places in which the Prime Minister has so clearly identified its importance.

Sheila Gilmore: As a Member from Scotland, I might be expected to give the Scottish whinge about how everything goes to the south-east and nothing comes to Scotland. I am not going to do that, because the way in which the Bill has been constructed has not been well thought through. It is not clear, at least to me, what are the intentions behind parts of it and what set of policies it is meant to fulfil.

Is the Bill about helping areas with high levels of unemployment, some of which have never fully recovered from previous recessions, or helping areas with high levels of public sector employment, which we anticipate will suffer greatly from what will happen over the next couple of years? They are not necessarily the same places. The constituency of my hon. Friend and neighbour the Member for Edinburgh South (Ian Murray) is at the top of the list provided by the Library of areas with the highest public employment. Most people would think that large parts of that constituency are fairly affluent, because the public employment is, I suspect, largely at the university. It is perhaps not perceived, certainly in Edinburgh or even in Scottish terms, as in particular need of employment support. My hon. Friend, who is sitting on my right, probably disagrees.

We must decide what we are trying to achieve. I am very persuaded by what I have heard from many colleagues, particularly in London but also in other parts of the south-east, which has a long history of difficulty. The south-east is by no means all affluent. It is important to create employment in the parts of London and the south-east where unemployment is high. Those places are suffering many problems and are now affected by the cuts in public expenditure. People there are being told that they may have to move because their homes are too expensive for them. Many things are coming at those areas, and I am persuaded by my colleagues' words and by what I have seen in London that there is a need to boost employment in many places.

I am not convinced that the particular cut of the cake for which the Bill provides is the best. I am not clear about the reasons for it. On Second Reading and in Committee, it was suggested that it was done to target places that need help most. I do not think that that is necessarily the case. At other times, it was suggested that we have to do what the Bill proposes because we cannot act everywhere—that would cost too much. We are then back to the arguments about the need to reduce the deficit and the speed at which that has to happen.

However, the best way in which to get out of recession is to grow the economy and create jobs, and it is important to do that everywhere. I appreciate that, in terms of the amendment, we cannot ask for further expenditure at this stage, although we could review the position in later years. However, tax loss could be recouped quickly if new businesses grow and employment increases. It is important to build employment throughout the country. There is no particular reason for taking the route that has been suggested.

We are constantly told that we have to act in this way because the country is in such a mess and we must reduce the deficit more quickly. Labour Members do not accept either the Government's description of how and in what circumstances the deficit arose, or their prescription. We must build employment and provide the economic stimulus that we need in various ways—the scheme is only one method; there are many others. National insurance contribution relief is only one small, albeit important part of a bigger picture.

We need a continuation of the policies that, in early 2010, meant that unemployment did not rise as high as had been predicted and that the deficit was falling more than had been predicted before the election. It is not true to say that the deficit was increasing—it was falling under our policies. The growth in various quarters of 2010 was the result of the economic stimulus package that we put in place. We should continue the economic stimulus. National insurance contribution relief is one small way of doing that and, in my view, it should be country-wide.

3.15 pm

Kelvin Hopkins: I strongly support the amendments, which my right hon. Friend the Member for Delyn (Mr Hanson) moved so ably. As it stands, the Bill has a crude, arbitrary and unfair discrimination built into it. The amendments would remove the unfairness and discrimination at a stroke and turn the measure into something that we could all happily accept.

I have to declare an interest: my constituency is in one of the excluded areas. The proportion of public sector employment in Luton North puts it at the top end of the table—number 48 out of 650 constituencies. Some 41.2% of employment in my constituency is in the public sector, so it will suffer substantially as a result of the Government's cuts in public spending. If 450,000 jobs go nationally, we could be talking about 1,000 jobs in my constituency at the very least. Already it is suggested that 500 jobs might be going in Luton as a result of the cuts, and a higher proportion of those will be in Luton North because of the degree of public sector employment there. I therefore have a vested concern and a constituency interest.

I am more concerned, however, about the overall principle, which will affect so many other people unfairly. My right hon. Friend the Member for Delyn suggested that because of the likely decline—certain decline, I think—in economic activity and rising unemployment, take-up will be much lower, owing to the fact that far fewer businesses will be formed in an atmosphere of the economy entering recession, with jobs being lost in both the public and private sectors. If the economy were expanding, of course, we would expect many more small businesses to be created, and therefore a much higher take-up. The take-up will probably be well below anything that the Government anticipate, simply because the economy is going to enter—I believe—serious recession as a result of their policies.

It is strange that the Government have chosen the British standard regions to discriminate in this way. They have actually played down regionalism—they are abolishing the regional development agencies—and are diminishing the regions as a basis for policy in other areas, but they are using the standard regions as a basis of policy in this area. That seems to be contradictory. If we are to provide assistance to industry and employment, it would be preferable to target it much better and in other ways. Given that the Bill will work in such a way, however, the only fair approach is to apply it across the country as a whole. As my right hon. Friend the Member for Delyn said, the costs would not be so great of including the three regions excluded in the Bill and ensuring that every small business across the country has the advantage of the subsidy.

Neil Carmichael (Stroud) (Con): Surely the whole point of the regional argument is that we should be focusing on the regions that need extra help to encourage the development of smaller business. On the hon. Gentleman's point about the state of the economy, it is the growth of new small and medium-sized businesses that will boost the economy. That is what we want to encourage through this legislation.

Kelvin Hopkins: I thank the hon. Gentleman for his intervention, but the Government have chosen to play down regionalism by getting rid of RDAs, yet have chosen regions as a crude way of excluding certain areas from the policy in the Bill. Within those regions, of course, some areas really require assistance, and by any standards, Luton is one of those. We have seen a massive loss of jobs there as a result of the decline in manufacturing industry. Fortunately, we have an airport, public sector employment and so on, which has helped, but we have also lost a lot of jobs and need assistance more than most other areas not just in the south-east, but elsewhere in the country.

Stephen Williams (Bristol West) (LD): The hon. Gentleman said that the Government have abandoned regionalism. It is true that RDAs are going, but they have been replaced on a more localised basis by local enterprise partnerships. If he and his colleagues have a really compelling case for investment in the Luton or greater Bedfordshire area, surely a bid to the LEP would benefit his town, even though it cannot benefit from the scheme in the Bill.

Kelvin Hopkins: I am strongly in favour of proper targeting, but the RDAs could do that: they could look at their regions, advise on which areas needed the most support and provide assistance in that way. I am in favour of targeting, but if we are to exclude areas, it should not be done regionally, because within regions there are areas that need strong support and other areas that need less support. As I said in earlier debates in the Chamber today, I would use that £1 billion in other ways and target it rather better. We in Luton feel unfairly discriminated against for the reasons that I have set out.

There is also a problem with regional boundaries, which have been mentioned before. In Committee I mentioned a regional boundary that goes right through a small conurbation not far from me, Leighton-Linslade. Linslade is in the south, in Buckinghamshire, and Leighton Buzzard is in Bedfordshire. We therefore have a conurbation that is split by the regional boundary. How will people in that small conurbation feel about one side of the town getting a benefit and the other side not getting it?

I think I have probably made my point, and others wish to speak. The Government have got this wrong. I hope that they will accept the reasonable amendments tabled by my right hon. Friend the Member for Delyn and make this a fair Bill that we can all support.

Mike Gapes: Allegedly, we are all in this together. If so, why is it that those of us in east London, along with people in the 21 authorities in the Thames Gateway, which include authorities in Kent, where there is not a single Labour Member of Parliament—they are only Conservatives—and those in Essex, are excluded from the package that we are discussing? We heard earlier today about the Maoist chaos of the Government's regional policy. That is not the responsibility of the Treasury; it is the responsibility of its close allies and partners, and the Business Secretary. However, as we are all in this together, presumably the Treasury is also involved up to its neck.

We have also heard that, apparently, the Government are refocusing regional policy. Well, that regional policy refocus includes, in today's measures, discrimination against poor people in poor communities. My right hon. Friend the Member for Delyn (Mr Hanson) spoke from the Front Bench about a number of boroughs and constituencies that have high unemployment—higher than the national average—and where, at the moment, there are also high levels of public sector employment. Those areas will take a disproportionate hit because of the measures announced in the comprehensive spending review and the Government's policy to reduce, for ideological reasons, the size of the public sector so drastically and quickly.

So, we are not all in this together; some of us are in it much deeper than others. I suppose that we are a bit like the residents of Brisbane, Australia. When the tsunami or flood comes in, we hope that it will meet a certain ceiling point before going back down, and that the next day it will go no higher. Some people have a little footbridge or step to get them above the water, but others are pushed down below it. People in the small business sector in my community—in Ilford and Redbridge, which is a Conservative-Liberal Democrat borough—will not benefit from these measures. When it comes to benefits, we are not in this together with those in Tatton or elsewhere. We will lose out.

Other Members represent poorer communities than mine, but I have wards in my constituency with very high unemployment. I also have a very diverse community. One of the interesting features of excluding London from the proposals is that it is not only discriminatory geographically; it could also be discriminatory ethnically. That needs to be taken into consideration, given the way in which the measures disproportionately affect different communities in different parts of the country.

I do not want to delay the House for long. I spoke on Second Reading in November. I hoped at that time that the Government would come forward with some changes to their proposals. I hoped that they would listen to the logic, but they did not. We have already had Committee stage and Report brings us to today.

[Mike Gapes]

The Thames Gateway Partnership for London, Kent and South Essex recently wrote to Members, urging us to make representations to the Minister—*[Interruption.]* He might wish to listen to this. It wanted us to write to him to point out the discriminatory nature of the proposals and to urge the Government, even at this stage—I say again, even at this stage—to see what they can do to help the Thames Gateway authorities. The partnership pointed out that there are 3.5 million residents in the Thames Gateway local authorities area and that it believes that in

"excluding London and the South East from the regional freeze on National Insurance contributions the government is failing to take proper account of local economies, particularly the challenges faced by the Thames Gateway growth corridor."

My right hon. Friend the Member for East Ham (Stephen Timms) has already referred to that.

The Bill is damaging to a potential growth sector of our economy. The Thames Gateway is part of the future of London as a global city. It is vital to the prosperity of our nation, yet this short-sighted, quasi-Maoist Government are operating in such a chaotic way that they cannot see the damaging consequences of what they are proposing. Next year, I hope, they will come seriously to regret what they are doing. I urge all local authorities in the Thames Gateway area to look very closely at the Division lists for today and to register which Members from Essex, Kent and London went through the Lobby in favour of such discrimination against London, Kent and Essex and which Members voted against it. Then, hopefully, those local authorities, councillors and communities will hold those Members to account.

Dr Creasy: I want to talk about three things in my comments on the amendment, the first of which is the test set by the Opposition about what this policy is designed to achieve. Secondly, I shall explain why the amendment is needed to ensure that the policy achieves what is intended. Thirdly, I shall say a little about the evidence base for the policy, which was a matter of great concern to me in Committee—and the Bill is still found wanting in that respect. I shall show how the amendment addresses some of those challenges.

The test we set for this policy and, indeed, for this Government, given our concerns about their economic approach, relates to jobs. At the heart of what we do as a Parliament must be the concerns of our constituents, and I know that one of the main concerns of my Walthamstow constituents and those of many other Members is jobs. How are people going to keep a roof over their heads, keep their families fed and ensure that their families stay together? Those concerns relate to the jobs people have and the support we can give to them in their jobs. Job creation is, as my hon. Friend the Member for Edinburgh East (Sheila Gilmore) ably set out, absolutely key to how we judge this policy.

In that context, the symptoms are not good. We know that unemployment is rising and that it has hit 2.5 million—it has been suggested that it is likely to increase further, especially in areas currently excluded from this policy—so job creation is a critical aspect of what the Government can and should be doing. Six people are chasing every vacancy in this country; if there were ever a time when we needed to create more jobs for which people can apply, it is now. We cannot have a jobless recovery; that is not sustainable. Indeed, the cost to the public purse of doing so would be tremendous. It is worth noting that every extra 100,000 people on the unemployment register is half a billion pounds of welfare expenditure that has to be found. There is a great cost to us of not doing something about rising joblessness.

We therefore look at this policy and ask how it will meet the test that the Minister set. In Committee, he said that the purpose of the policy was specifically "the creation of jobs". It was to

"help the wealth-creation sector in regions currently reliant on the public sector". —*[Official Report, National Insurance Contributions Public Bill Committee,* 2 December 2010; c. 47, Q167.]

That is the second test that we put: does this policy affect not the regions but the people it is designed to help? If we look at the people test, we see that, as currently constructed, the policy does not meet it; it fails on that basis.

Many Members have named areas in which some of the public sector workers most affected by the Government's cuts are living. My constituency is already among the top 100 in the unemployment league. Our current unemployment rate is 8.5%, and it is rising as we speak. About 24% of people living in Walthamstow work in the public sector. They are losing colleagues, and they are worried about themselves. My surgeries are full of people asking for help after receiving redundancy notices. I ask the Minister what I should tell those people. What will this policy offer them? The task of Government is supposedly to support people and create jobs in the economy. What can I tell those people in Walthamstow who work in the public sector and risk losing their jobs, or have already received redundancy notices?

3.30 pm

Ian Murray (Edinburgh South) (Lab): As was pointed out by my hon. Friend the Member for Edinburgh East (Sheila Gilmore), my constituency is at the top of the league in terms of public sector jobs, yet unemployment is less than half that in the constituency of my hon. Friend the Member for Walthamstow (Dr Creasy). Does that not highlight the discriminatory nature of the Government's policy?

Dr Creasy: That is a very good point. I am talking about the public sector workers who are most at risk of redundancy. The people who live in my constituency may not do the same jobs as those who work in the public sector in Edinburgh. They are teaching assistants, nurses, and people working in inclusion units and Sure Start. They are losing their jobs because of the cuts that are being made in local and national Government. People such as civil servants—who knows, perhaps they include the admin assistants in the Minister's offices—fear for their jobs. They are looking to the Government, who say that the private sector will pick up the pieces following the cuts in the public sector, and they are asking how that will happen. In my region, the answer is very unclear.

This policy could be part of the remedy, and that is the aim of the amendment. It asks, "How can we generate jobs? What are the motives that lead people to set up businesses and industries that generate jobs in the private sector?" Many of us share an interest in whether

the private sector could generate jobs as part of the recovery. We think that the policy has failed that test, and needs to be amended. Excluding London and the south-east means excluding a key wealth-creating element of our national economy, and we feel that that is remiss.

I also think that the Government have been remiss in excluding the voluntary sector and charities, and in Committee I supported amendments seeking their inclusion. According to the National Council for Voluntary Organisations, if the voluntary sector could benefit from the change of policy on national insurance holidays, an extra 2,500 charities could be created. Perhaps even more could be created through the big society, given the interest in how the voluntary sector could work in public sector commissioning. Cruelly, however, they have been excluded. The questions "Who are the people who are generating jobs?" and "Where are the places where people who are losing their jobs in the public sector can best find employment in future years?" have not been answered; the test has not been passed.

I ask the Minister to consider amending the policy in the way we have suggested, not least on the basis of his own evidence. He will recall that, in Committee, I was particularly concerned about the way in which the Government had constructed the policy, and the evidence on which it was based. He himself has described it as an uncertain benefit, and his officials have admitted that they did not have much evidence on which to assess whether they could reach all the people whom they wanted to reach, or involve all the businesses that the Minister had hoped to involve. In the impact assessment, the Minister said that he hoped that the policy would help 400,000 businesses, but he has admitted today that only 1,500 have applied so far. In Committee, one of the officials suggested that the number of applications would increase at the remittance stage, but that is not job creation. The jobs would have already been created, and people would be applying retrospectively for remittances. That suggests a challenge to the status of the policy as a job creation measure.

According to the Minister's own analysis, the inclusion of London and the south-east might well make possible the creation of an extra 300,000 businesses. Before he says that there is no extra money, let me suggest to him that the creation of those extra businesses might enable him to meet his target of 400,000 over the three years. He could then return to the House and reassure all of us who are concerned about the efficacy of the policy that it had succeeded in generating new business in the United Kingdom and forming a key part of our recovery. Let me also encourage him to consider the extra tax take that the Treasury would gain as a result of the creation of all those new businesses, as well as the fact that all the extra national insurance funds could be spent on the national health service or on pensions, as he desired. There are many benefits in considering how the Bill could be amended to include London and the south-east. Let us think about all the people who would be affected by the jobs that this would create, the money it would bring into our national Exchequer and, above all, the economic recovery it could help drive.

I therefore hope the Minister will accept the amendments and acknowledge that they have been tabled in good faith. They are motivated by a genuine desire to make sure this policy is effective. Whether or not we agree with the Government—and we certainly disagree with many of the changes they want to make—I hope the Minister will understand and share our concern that jobs must be the first priority of any British Government in the current economic climate.

Gavin Shuker: I believe these amendments would make a real and fundamental difference to people in my constituency who wish to start their own businesses—to people who are creative and dynamic, and who want to have the opportunities that come from not being at a disadvantage to those running businesses in other parts of the country.

This Bill seeks to bring about a social benefit. There is a reason why national insurance contributions are going up. They are going up to help bring down the deficit, which is important. The structural deficit needs to be tackled over time. There is a further aspect to the Bill, however: it is also about trying to rebalance the economy.

The Minister has been very clear about his desire to see public and private sector employment rebalanced in various regions, but I personally do not have a problem in this regard, because for me a job is a job. I do not think people in the public sector should be in any way disadvantaged or looked down on because they work in the public sector rather than the private sector. We accept that private sector jobs should be generated, however, because Opposition Members believe that economic growth is the way to tackle the deficit, not slash-and-burn economics.

We accept that under the Government's plans to reduce the number of public sector workers by about 500,000, those of us in areas with high public sector employment will need more businesses coming up and through. My point is simple, therefore. Across wide swathes of the greater south-east, including the Luton seat I represent, there are areas of very high public sector employment and high unemployment, and the Minister would do well to accept these amendments in order to ensure that we are not disadvantaged, which we are. That would be a positive step.

I agree that legislation has a role to play in helping to moderate behaviour. We want more businesses coming up and through. In Committee, the Minister made a number of salient points about the complexity that might be added by including regions such as the greater south-east, but we are not just in politics to administrate. We are in politics to make a difference. We are in politics to ensure that everyone in this country has a job they enjoy and through which they can generate both wealth for their family and self-worth, and it is unfair to the people in my constituency, and to others in the east, the south-east and London, that they should be exposed to this great disparity.

We in Luton have a number of particular issues with this proposed legislation. First, we have great transport links, which is a positive. It is why businesses like to locate in Luton. However, those same transport links also allow people to travel outside Luton to set up their new businesses, meaning that people in Luton who need a job cannot find employment. We have a young and creative work force; they are the kind of people who want to get stuck into building new businesses, and I am constantly amazed by the range of new businesses I see in my constituency. They are innovative, professional young people who want to establish businesses and set out on their own path, but they are going to be disadvantaged by these measures.

[Gavin Shuker]

Luton has areas of deprivation, and we also have high public sector employment; that is certainly the case in the constituency of my hon. Friend the Member for Luton North (Kelvin Hopkins), as well as in Luton South. It would be deplorable to say to the people in my constituency that if they move 15 or 20 minutes up the train line or on the roads they will get a £50,000 golden hello, which they would not get if they set up their business in Luton.

Labour Members who represent seats in the greater south-east are willing to make a stand. We want to stand up for our constituents and constituencies, and to talk about our creative people. I hope that the Government will support these amendments, and that Conservative Members will want to stand up for their constituents as well, and say that this disparity is wrong.

In Committee, the Minister discussed why this exemption is being applied and spoke of a constrained budget. We could tackle that in a number of ways, and the amendments take account of them. Obviously, we could address the amount of time on the scheme, the number of businesses that engage in it, the percentage rate of take-up and the number of employees that the businesses take on. I urge the Government to re-examine the matter and find a way to include the greater south-east in this arrangement.

I make my final point to ensure that we are not in any doubt. The Committee took evidence from the assistant director of Her Majesty's Revenue and Customs, who made it clear that it is possible to check where people are in the scheme. There was a high level of postcode accuracy about businesses, so it would be possible to re-examine this. As his first point in thinking again, I urge the Minister to consider the greater south-east as a region. It has great disparity between parts and constituencies, containing areas of deprivation, areas with high public sector employment and areas with high unemployment. He should say that those areas are just as deserving as the others represented here today.

Mr Gauke: In this group of amendments, the right hon. Member for Delyn (Mr Hanson) has returned to a matter that was debated extensively on Second Reading and in the Public Bill Committee. I commend him on his persistence, but I expect that he will not be surprised with my response, given the Government's position, which I have set out in the earlier debates.

The amendments relate to the regional nature of the national insurance contributions holiday, a matter that was raised during all the earlier stages of our consideration of this Bill. Amendments 1, 2, 3 and 4, if taken together, would make the holiday a UK-wide scheme. The NICs holiday is aimed at helping the formation of new businesses employing staff in those countries and regions most reliant on public sector employment. The reason why the Greater London, east and south-eastern regions are excluded is that the proportion of the population in public sector employment is lower in those regions as a whole than in any other part of the UK. We also estimate that a national scheme would increase the costs by about 70%.

Joan Ruddock: Before the Minister goes into more detail—I warn him that I might seek to intervene again then—can he tell us whether any assessment was made of the impact of this on ethnic minority communities? The real observation has been made that the proportion of ethnic minority people who are great entrepreneurs and who wish to set up a business may well be greater in London and parts of the south-east than in some other regions.

Mr Gauke: Of course the Treasury examined all these matters in respect of its policies as a whole, its budget announcements and so on. I must point out that although the excluded region as a whole is diverse, the areas that will be included are equally so. I am not strongly persuaded by the arguments that have been made about this being discriminatory. When listening to these arguments, I was struck by the fact that it is worth reminding the House of what we are seeking to do. We are seeking to reduce the amount of NICs that will be collected, because we believe that in the way that we are doing so, we will be able to help to encourage business—

Dr Creasy *rose—*

Mr Gauke: I want to develop this point, but I shall give way after I have done so. We want to encourage the creation of new businesses and more jobs. That issue has been raised in some of the earlier remarks. The hon. Lady discussed the importance of jobs and the hon. Member for Ilford South (Mike Gapes) discussed the impact that failing to reduce NICs might have on the Thames Gateway. The conceit of the speech made by the right hon. Member for East Ham (Stephen Timms) was that there was some division between the Treasury and No. 10. I do not know whether he was thinking of his own lengthy period in the Treasury rather than of the current circumstances, but let me assure him that there is no great tension between the Treasury and No. 10. I know that that has not always been the case in recent years.

3.45 pm

Stephen Timms: Will the Minister give way?

Mr Gauke: I will give way on that point, but the central point I want to make is that all Labour Members fought the last election—indeed, the right hon. Gentleman was the Minister responsible—on a policy of increasing national insurance contributions throughout the entire country, which would have done harm not just to the Thames Gateway, east London and Walthamstow, but across the country.

Stephen Timms: I am grateful to the Minister for giving way. On 6 January, the Prime Minister spoke—I think at No. 10—about

"nurturing small clusters of innovative companies and web start-ups, as we are in the new Tech City—our own Silicon Valley—in East London."

Why is the Minister not contributing to this nurturing of start-ups in east London? This is his one opportunity.

Mr Gauke: The Government are doing a great deal to help London. We need only consider the transport infrastructure as well as the fact that we are protecting investment in Crossrail, in upgrading the tube and in Thameslink. We are taking a number of steps. I think it is astonishing that Labour is complaining about the fact that some businesses will not receive a reduction in their

national insurance contributions when its policy at the last general election was that businesses should be paying more.

It is very helpful to look at the well-remembered interview with the shadow Chancellor on the "Today" programme on 4 January, when he said that we need to get the structural deficit eradicated and that there was no argument about that. He recognised the existence of a structural deficit and did not particularly differ from the Government's position on the size of the structural deficit. There was a disagreement on timing—I think he disagreed with his own policy on timing, but he disagreed with the Government's, too. He said that the balance between public spending cuts—we do not know which of our proposed public spending cuts the Opposition support—and tax rises should be 60:40. I think that the proportion for tax rises was 40%, although it was not entirely clear.

The shadow Chancellor was asked by Evan Davis:

"In principle you would like VAT not to go up and instead, at some point, not now, National Insurance to go up by more?"

The shadow Chancellor's response was, "Yes." He said that that was the Labour party's argument at the general election and that it was still its argument now, because national insurance is a better tax. That is the Opposition's position—they want to increase employers' national insurance contributions. They oppose all the cuts and they oppose our VAT increase, but they want to increase national insurance contributions. Yet when we have a Bill in this House that provides a reduction in national insurance in some areas, their biggest complaint is that they want to do it in more areas. How incredible is that? How lacking in coherence is that policy?

Mr Hanson: Will the hon. Gentleman tell the House why the net benefit of this Bill as a whole is a £1.42 billion increase in national insurance for employers, even after the thresholds he has introduced?

Mr Gauke: The right hon. Gentleman knows the state of the public finances that we have inherited. We have pursued the policy that we set out in our party manifesto before the general election and have reversed the most serious effect of Labour's jobs tax. The Opposition's policy is to go further—they want a bigger jobs tax. The increase in the rate for employers' national insurance contributions, which is mitigated by the increase in the threshold, involves the rate going up from 12.8% to 13.8%—I say that for the benefit of any Labour Members, including the shadow Chancellor, who are not quite aware of that. To raise the same amount of tax as the VAT increase would have done, Labour would have had to increase that rate not just to 13.8% but to 16.7%. What do hon. Members think that the impact on the Thames Gateway, east London and jobs in Walthamstow would have been if we had pursued that policy, which the Labour party believes in? It does not have much by way of economic policy, but that is one of them.

Ian Murray: Let me give the Minister a little of my experience as a business owner with up to 12 staff. Small entrepreneurs and people who run small businesses in Edinburgh are, like me, far more concerned about the impact on our businesses of the number of customers not coming through our doors because of the VAT rise than they were about any increase in national insurance that the Labour party proposed before the election. I would gladly pay £30 a week more for each member of my staff than have no customers left.

Mr Gauke: I do not want to reopen the whole argument on everything that should be done to reduce the deficit, but we have to get it down. I am not sure whether the Labour party grasps the need to get the deficit down, but there is no doubt that it has to be eradicated at some point—even the shadow Chancellor agrees with that. The Labour party believes that national insurance contributions are the best tax by which to do that, but all we have heard from Labour Members this afternoon is why they want a cut—and they want a bigger cut than we are offering.

Several hon. Members *rose*—

Mr Gauke: I shall give way to someone who has not been advocating cuts in national insurance contributions.

Kelvin Hopkins: The chief economic adviser for the Chartered Institute of Personnel and Development has said that

"the VAT hike will prove a far more significant 'tax on jobs'"

to use the Government's term—

"than the hike in...National Insurance contributions".

That outside organisation estimates that 250,000 jobs will be lost because of the VAT rise.

Mr Gauke: I recommend to the hon. Gentleman the radio programme "More or Less", which recently pointed out that the national insurance contributions increase would have raised only a quarter of the tax revenue that the VAT increase will raise.

Stephen Timms: Has the Minister received representations from the Department for Communities and Local Government about the inclusion of the Thames Gateway area in this incentive?

Mr Gauke: Not that I am aware of, but as the right hon. Gentleman knows, tax is a matter for the Treasury. I must say that the Thames Gateway would have been hit by a much greater jobs tax if the Labour party were in power.

Both today and in earlier debates, I have understandably been asked about take-up and whether there is a plan, if take-up is lower than expected, to expand the holiday to cover the whole of the UK. Let me reiterate to the House and Opposition Members that this is not just about cost; it is also about the policy rationale for the holiday, which is to target incentives on new businesses in regions with high levels of public sector employment. In their evidence to the Committee, representatives of the Federation of Small Businesses and the British Chambers of Commerce made it clear that the south-east is more resilient than the rest of the UK and that new business formation would not be harmed significantly because the holiday would not be available there. I should also mention to the House, and particularly to the right hon. Member for Delyn that all new and existing businesses in the south-east will benefit from the increase in the employers' national insurance contributions threshold, which I assume the Labour

[Mr Gauke]

party will oppose when we bring it forward, and from the reduction in corporation tax rates, as compared with the increase that Labour was going to bring in for small businesses.

Mike Gapes: The Minister refers to the FSB. Will he confirm that it wrote before Christmas saying that his proposal is

"a crude assessment as it does not account for areas within these regions that would really benefit from policies that would help bolster employment"?

That remains the position of the FSB.

Mr Gauke: That is the same Federation of Small Businesses that said that the Labour party's policy to increase national insurance contributions would cost about 52,000 jobs just among its own members.

We have touched on the fact that labour markets are much bigger than ward, borough or constituency boundaries. It is not quite clear what the Labour party would do if it were to extend the scheme. Its policy seems to be that it would remove the scheme from some parts of the regions that would currently benefit. It is not quite clear how the Labour party would do that. I do not know—perhaps the right hon. Member for Delyn could explain—whether the plan is that the scheme would be available in Flint but not in Prestatyn. I am not quite sure what the Labour party has in mind. Perhaps it thinks that the scheme should be available in Oldham but not in Saddleworth. I really do not know what the Labour party wants to do with the scheme, but it clearly wants to increase national insurance contributions, not to reduce them, despite what we have heard this afternoon.

The NICs holiday is targeted at regions and countries with the highest proportion of public sector dependence, to encourage new businesses to start up and take on employees. Expanding the holiday to the whole economy would undermine the policy rationale. I therefore ask the right hon. Member for Delyn to withdraw the amendment.

Mr Hanson: We have had a very good debate, and my right hon. Friend the Member for East Ham (Stephen Timms) and my hon. Friends the Members for Walthamstow (Dr Creasy), for Luton South (Gavin Shuker), for Ilford South (Mike Gapes) and for Luton North (Kelvin Hopkins) have put the case strongly for their constituents to be included in the scheme.

The scheme does not do what is says on the tin. It will not fulfil the Minister's objectives. It will not help regions and areas with the highest public sector employment. I reiterate for the House's benefit that 23 of the top 100 constituencies in the country for public sector employment will not benefit from the scheme. The Minister knows that we have suggested alternatives, and my hon. Friend the Member for Luton South mentioned a range of ways that we could cut the cake to include London, the south-east and east, so that those areas of high deprivation with high public sector employment could benefit from the scheme. I am not satisfied with the Minister's response. We need to ensure that the scheme is fair and equitable. I therefore intend to press the amendment to a Division.

Question put, That the amendment be made.

The House divided: Ayes 92, Noes 271.

Division No. 168] **[3.56 pm**

AYES

Abbott, Ms Diane
Alexander, Heidi
Ali, Rushanara
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Banks, Gordon
Bayley, Hugh
Bell, Sir Stuart
Benn, rh Hilary
Betts, Mr Clive
Blackman-Woods, Roberta
Brennan, Kevin
Brown, Lyn
Burden, Richard
Clark, Katy
Coaker, Vernon
Cooper, rh Yvette
Creasy, Dr Stella
Cryer, John
Cunningham, Tony
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Denham, rh Mr John
Docherty, Thomas
Eagle, Ms Angela
Efford, Clive
Farrelly, Paul
Fitzpatrick, Jim
Fovargue, Yvonne
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Green, Kate
Griffith, Nia
Hanson, rh Mr David
Harman, rh Ms Harriet
Hepburn, Mr Stephen
Hillier, Meg
Hodgson, Mrs Sharon
Hopkins, Kelvin
Jones, Helen
Jones, Mr Kevan
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Khan, rh Sadiq
Lammy, rh Mr David
Lazarowicz, Mark
Leslie, Chris
Lucas, Caroline
Lucas, Ian
Mahmood, Shabana
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McFadden, rh Mr Pat
McGovern, Jim
McKechin, Ann
Miller, Andrew
Morden, Jessica
Morris, Grahame M. *(Easington)*
Murphy, rh Mr Jim
Murray, Ian
Nandy, Lisa
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pound, Stephen
Raynsford, rh Mr Nick
Robertson, John
Rotheram, Steve
Roy, Lindsay
Ruddock, rh Joan
Seabeck, Alison
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Nick
Spellar, rh Mr John
Straw, rh Mr Jack
Stuart, Ms Gisela
Thomas, Mr Gareth
Timms, rh Stephen
Trickett, Jon
Umunna, Mr Chuka
Vaz, Valerie
Watson, Mr Tom
Wicks, rh Malcolm
Williams, Hywel
Winnick, Mr David
Woodward, rh Mr Shaun

Tellers for the Ayes:
Mr Alan Campbell and Phil Wilson

NOES

Adams, Nigel
Aldous, Peter
Amess, Mr David
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brake, Tom

Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Byles, Dan
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davies, Philip
de Bois, Nick
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Edwards, Jonathan
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Gale, Mr Roger
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Green, Damian
Greening, Justine
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Hinds, Damian
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Jones, Mr David
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lansley, rh Mr Andrew
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McPartland, Stephen
McVey, Esther
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Morris, Anne Marie
Morris, James
Mowat, David
Mundell, rh David
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Opperman, Guy
Ottaway, Richard
Parish, Neil
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Skidmore, Chris
Smith, Henry
Smith, Julian
Smith, Sir Robert
Spelman, rh Mrs Caroline
Stanley, rh Sir John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Syms, Mr Robert
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Miss Chloe Smith and
Mr Robert Goodwill

Question accordingly negatived.

Third Reading

4.9 pm

Mr Gauke: I beg to move, That the Bill be now read the Third time.

We have reached the final stage of the House's deliberations on the National Insurance Contributions Bill. The first part of the Bill, on which we perhaps spent less time, introduces a 1% increase in the class 1 employee and employer and class 4 self-employed rates of national insurance contributions from April this year. As some hon. Members will remember, that was announced by the previous Government in the 2009 pre-Budget report. Although not part of the Bill, we intend to reverse the impact of the previous Government's

[Mr Gauke]

tax on jobs by increasing the employer national insurance threshold and income tax personal allowance. Those changes are part of a progressive package of measures that shifts the burden of Labour's taxation away from lower earners and lower-paid jobs.

First, I remind the House that the provisions will increase the employer rate from 12.8% to 13.8%. That is a fact I am sure we should all get right. That 1% increase will also apply to class 1A and 1B contributions that are paid by employers on benefits in kind and pay-as-you-earn settlement agreements. Secondly, the Bill will increase the employee main rate from 11% to 12%. The same 1% rise will also apply to class 4 contributions paid by the self-employed, which will rise from 8% to 9%. Thirdly, the additional rates of employee class 1 and self-employed class 4, payable on earnings or profits above the upper earnings limit and the upper profits limit respectively, will rise from 1% to 2%. Compared with the plans that the Government inherited, more than £3 billion a year is being returned to employers through the threshold rise, and even more to individuals through the increase in the personal allowance.

Our actions will mean that some 880,000 low earners in the UK will be taken out of income tax altogether. Around 950,000 low earners will no longer pay national insurance contributions, although their benefit rights will be protected. Employees earning under £35,000 a year will pay less income tax and national insurance contributions and employers will pay less national insurance contributions on all workers earning less than £20,000 a year. We are keen to reduce the burden in this area although, as I set out earlier, it appears the shadow Chancellor wants substantially to increase that burden.

The regional employer national insurance contributions holiday for new businesses, contained in the second part of the Bill. That provision encourages employment and enterprise in the areas of the UK that are most dependent on public sector employment. Our aim is to help those regions in the transition to a more sustainable economic model based on private sector growth and investment. That is why we are introducing a holiday from employer national insurance contributions for qualifying new businesses in targeted countries and regions. The measure will reduce the costs of taking on staff and provide support in the vital early stages of business development. In order to ensure affordability, the holiday is limited to the first 10 employees taken on in the first year of business. For each of those workers, the holiday will last for 12 months, unless the closing date for the scheme—5 September 2013—is reached before the 12 months have elapsed.

In the Budget, we estimated that new businesses would save around £940 million of national insurance contributions over the next three years, giving them the ability to hire more staff, expand their business and invest in the recovery.

Nick de Bois: Will the Minister advise whether he envisages any problems from perhaps less than scrupulous companies that might go into pre-pack administration? Would they be able to claim the benefit if their new business started after a pre-pack administration, for example? If that is the case, will he take some measures to consider what can be done about this?

Mr Gauke: As we discussed in earlier stages of the debate, it is right that we look at this closely to see that the scheme applies where we believe it should, that we do not have artificial creations, that there is a proper need for this, and that the compliance capability of HRMC to address the matter is adequate, and we are ensuring that that happens.

I thank the many right hon. and hon. Members who have participated in the debates on the Floor of the House and in Committee. We have had a thorough examination of many of the arguments, perhaps occasionally at the risk of repetition, and we may have another opportunity for that later—who knows? I am grateful for the constructive way in which the Bill has been scrutinised by Members from all parties.

The Bill enables the reduction of taxation of labour nationally, and it provides extra support in targeted areas. It is good for growth and good for jobs, and I commend it to the House.

4.15 pm

Mr Hanson: This is the fourth Treasury Bill that I have dealt with as Opposition Treasury spokesman in four months, and it is the fourth Bill that has reached this stage without a single amendment being passed, so I am continuing with my fine record of scrutiny but little success in making changes.

I want to be clear at the start that despite concerns about some aspects of the Bill, we support the broad thrust of the measures before us. I note, however, that despite the rhetoric about national insurance that occurred at the general election, the Bill takes through the national insurance contribution increase of 1%. I accept that the Minister has included in the Bill changes to the employers' threshold, which will make a contribution towards those costs. However, even after that has taken place, the Bill still brings in a rise that will cost businesses about £1.4 billion a year. I make no complaint about that, because we proposed to do it at the election; my complaint is that there has been a lot of smoke and mirrors from the Government in their approach to national insurance.

Mr Gauke: As the right hon. Gentleman will know, the policy that we are pursuing is entirely consistent with what we set out in our manifesto. Given the position of his party and the shadow Chancellor on this, presumably they will be opposing the increase in the threshold for national insurance contributions that will be introduced very shortly.

Mr Hanson: The electoral rhetoric does not match the actuality of this Bill. The Minister has rightly said that threshold increases were trailed in the election manifesto, but £1.4 billion of extra expenditure on businesses is still being put forward in the Bill. I make no complaint about that, as it formed part of our manifesto commitments. However, we should examine the electoral rhetoric. During the election the Conservatives said, "Let's Stop Labour's Jobs Tax", but they are still executing, through this Bill, some £1.4 billion-worth of extra costs on employers; again, we have no objection to that. We will look at all these matters in due course and make our judgments when we see the proposals that the Government bring forward. However, given what was

said at the election, there is still a sting in the tail for employers in the small print of what the Minister has brought forward today.

My right hon. Friend the Member for Edinburgh South West (Mr Darling) announced in the pre-Budget statement on 9 December 2009 that we would increase national insurance contributions by 1%. However, in this Bill there is not only that increase but, side by side with it, the 2.5% increase in VAT that the Government have introduced. The Minister has put an extra £1.4 billion on national insurance and, at the same time, increased VAT. At least we were clear about our objectives in the election. However, we will support the Bill today.

We support the national insurance holiday, which engendered most debate in Committee and on the Floor of the House. We think it is important to consider measures that encourage business, but we disagree with the exclusion of London and the south-east and eastern regions. We have made the case on that issue and I hope that the Exchequer Secretary will reflect on it.

This debate has been very positive. I thank my right hon. and hon. Friends who have contributed, particularly those from London and the south-east and eastern regions. I thank my hon. Friend the Member for Nottingham East (Chris Leslie) and the Whip, my hon. Friend the Member for West Ham (Lyn Brown), for their help and support during the course of the Bill. We will not vote against the Bill this evening, but we will undoubtedly return to the scrutiny of it in another place shortly. Some of the arguments bear further repetition in Committee and on the Floor of the House there. Finally, I thank the Minister for his patience and co-operation. I look forward to seeing him on numerous occasions in the future.

4.20 pm

Gavin Shuker: I, like many hon. Members, have followed the debate extremely closely. When the changes were first announced in June, I authored an early-day motion that stated the inadequacies of the Bill for the greater south-east—the south-east, the east and London. On Second Reading, I flagged up my concerns and in Committee we looked at the evidence in greater detail. The Bill will have a real impact on my constituents, and on those of hon. Members from across the House. In particular, it will impact on people in the greater south-east.

Obviously, we accept the Treasury's need for more national insurance income to sort out the structural deficit. Although we are not opposed to the legislation and will not press for a Division, I still have a number of concerns that it is important to place on the record.

First, I believe that the Exchequer Secretary's motivation is confused. We have heard contradictory statements. We have head that it is about rebalancing the economy; we have heard that it was decided which areas should receive a holiday to match the price tag that was set for the policy; and we have heard that it is about simplicity. Clearly, it would be simplest to implement the scheme for all new businesses across the country, yet that is not the scheme we are looking at.

Secondly, I believe that the implementation of the scheme is flawed. So far, just 1,500 applications have been received. We all hope that every eligible new business will take up the scheme, but the target of 400,000 for the next three years seems a long way off, given the current trajectory. The simplest approach would have been a blanket scheme, and that would have been simple to communicate to new businesses. Certain groups will be disadvantaged by the holiday: the east, south-east and London will be disadvantaged, and, as was discussed in Committee, charities who employ people will miss out compared with businesses. Also, as we discussed earlier, the NHS, for which some of the money is hypothecated, will not benefit to the extent we believe it should.

Thirdly, I believe that the spin relating to the Bill has been conflated. The Exchequer Secretary said that he is not implementing Labour's jobs tax. However, there is a 1% increase, and it is important for this place to acknowledge that. The scheme will have an effect on businesses in certain areas. Although we accept the need to find fair and just ways to reduce the deficit, I am worried about some of the rhetoric about public sector jobs. Public sector workers not only support their families but serve us. Whether a job is in the public or private sector, people should be able to have pride in it.

Finally, I believe that the analysis that comes out of the legislation will be flawed in a number of ways. We tabled amendments calling for a report and more information on the effectiveness of the scheme, but we will not receive the constituency-level data we would like. They would enable us to compare data for future reference, so that after, say, three years, we could consider how we might wish to implement the scheme again, whether it was worth extending or whether the time for which it was in place should be reduced. Instead, we will have to go through a laborious process of tabling parliamentary questions and will not be able to examine constituency-level data as a whole. That is a real shame.

The Exchequer Secretary says that in this case simplicity should outweigh justice and that the simplest way to balance the scheme is to exclude certain groups. I do not believe that that is the case, but we accept that there is a need for the scheme, and for that reason the Bill will go forward tonight.

I have one question for the House, though: what is just about business men and women in my constituency, an area with deprivation, losing out compared with those setting up businesses in other constituencies just 20 minutes away up the train line? I do not believe that there is a whole load of justice in that. I ask the Minister to think again as the Bill proceeds, and I know that if he does, living where he does, he will receive the thanks of a grateful constituency.

4.25 pm

Jonathan Edwards: In general we support the Bill, not because we think it will make much of a difference—as we have heard, the take-up has been far from promising so far—but because it is recognition by the UK Government that the UK's economy is geographically unbalanced and that action needs to be taken to address the problem.

The gross value added of the communities that I represent is 20% of that of inner London, something that clearly has to be addressed. Under the last Government, 10 jobs were created in the south-east of England for every job created in the north and the midlands, and I fear that Wales fared even worst. One of the great themes of the last Government was the concentration of jobs and money in the south-east and London, with massive growth in the financial sector and the destruction

[Jonathan Edwards]

of other sectors of the economy, particularly manufacturing. That led to huge wealth polarisation on both a regional and an individual basis, and it was refreshing to read today in *The Independent* that the Leader of the Opposition at least recognises that damaging legacy.

We should also consider other areas that need action. The UK Government have been talking about the creation of enterprise zones in Northern Ireland and the use of different levels of corporation tax to stimulate private enterprise in areas of the state that are lagging behind. We will therefore support the Bill.

Question put and agreed to.

Bill accordingly read the Third time and passed.

PETITION

Immigration (Sivarajah Suganthan)

4.27 pm

Stephen Williams (Bristol West) (LD): This is a petition concerning my constituent Sivarajah Suganthan. Siva is a native of Sri Lanka, but he has lived in the UK since he was 14 years of age and is now aged 26. The case of that particular asylum seeker has aroused much concern right across the city of Bristol, and I should particularly like to thank the Bristol Refugee Rights centre for co-ordinating and collecting the signatures of approximately 800 people in the city and further afield who wish to express their support for Siva.

The petition states:

The Petition of residents of Bristol West, and others,

Declares that the Petitioners support Sivarajah Suganthan, a fellow Bristolian who has previously been detained in Campsfield detention centre, awaiting deportation to Sri Lanka.

The Petitioners therefore request that the House of Commons asks the Home Secretary to reconsider Sivarajah's case.

And the Petitioners remain, etc. [P000877]

Careers Advice (Schools)

Motion made, and Question proposed, That this House do now adjourn.—*(Jeremy Wright.)*

4.28 pm

Esther McVey (Wirral West) (Con): I am delighted that this important matter is being debated in the Chamber today. However, as it is an important and complex matter, I would very much like this to be the start of a discussion on careers advice for all ages, so that we can create a much greater awareness of the issue as a whole.

It is because of the scope of the topic of today's debate that I shall focus on careers advice for those at school and the importance of specialist careers professionals as a separate practice and distinct occupation, pushing the sector towards professionalism under a unified body and voice. At the outset I welcome the Government's plans for an all-age careers service, but it is important that all Members can discuss the matter before any further steps are taken. I therefore welcome the time that we have been given in the Chamber this evening.

It is an apt time to examine careers advice for the young given that the latest figures for those not in employment, education or training are at an all-time high. At the end of the third quarter in 2010, the figure for those aged between 16 and 24 in England was 1.026 million. Of those, 160,000 are in the north-west—the highest figure of any of the UK regions. Of particular concern to me is the fact that, in Wirral, 16.8% of those aged between 16 and 19 are not in education, training or work.

Added to that is the ever more sophisticated array of choices of job, training, education and routes to work. It requires the accompanying sophistication of knowledge and know-how to enable students, at the right juncture in their lives, to choose the right subject so as to follow the right education path, preferred course or apprenticeship training, or fill out the right job application form. It is not only providing up-to-date information that will allow every student the best opportunity to pursue subjects and interests that best suit their talents and aspirations, but ensuring that young people and their parents are well informed about the potential of the decisions and the positive ways in which they can influence their future working lives.

All young people, of all backgrounds, abilities, interests and ambitions need good careers education information, advice and guidance so that they can achieve their best and fulfil their potential. However, that is currently not happening with sufficient consistency for every child throughout the country. That has led to comments such as those by the Local Government Association, which said that careers advice was found to be "not useful" by "the majority of young people".

The Institute of Career Guidance said that the provision of careers services in England was "patchy and inconsistent". Although the National Foundation for Educational Research recognised that Connexions was making a significant contribution, it was for a small number of people in a very specific situation. Again according to the LGA, the majority of young people were

"more likely to ask their parents, teachers and youth workers"

for careers advice than to seek formal careers services.

If those points are added together, we have a lot of young children who are not getting the service that they require. I therefore agreed wholeheartedly with the Secretary of State for Education when he said at the annual conference of the National College for Leadership of Schools and Children's Services in June:

"We are clearly, as a nation, still wasting talent on a scale that is scandalous. It is a moral failure, an affront against social justice which we have to put right".

The question for all hon. Members is how we are going to put that situation right. How will we find a system that works for all children of all abilities from all backgrounds? How will we provide a flexible system with underpinning standards and requirements? Today, I will make a few suggestions, welcome others, and await the Minister's replies.

I want to make it clear at this point that, when I pass comment on the failings of the current system, I am in no way passing comment on the thousands of careers staff, educational welfare or youth service staff, who work tirelessly throughout the year, dedicated to their chosen profession. The debate tonight is a constructive overview of careers advice; it is not a question of the staff, but a look at the current system, asking how best that focus should be directed, as well as how best the staff, resources, infrastructure and intelligence already in place can be used to achieve what is best for our youth today. There is also a key question about the transition from the current to the proposed system which I would like the Minister to address.

A quick look at the history of careers advice might provide a useful insight. From April 1974 to April 1994, local education authorities had a statutory duty to provide a careers service under sections 8 to 10 of the Employment and Training Act 1973. The purpose of the service had been mainly to provide guidance and counselling to young people in full-time education in order to help them make the best of their abilities when selecting a career. It had also helped adults requiring information on retraining and in promoting schemes directed at unemployed young people.

In 1990, the Conservative Government undertook a review of services to consider the effectiveness of existing organisational arrangements, with the aim of recommending the most relevant system for delivering careers information, advice and guidance for young people. The review led to proposals to introduce legislation that would facilitate a mix of provisions, including direct management by training and enterprise councils, joint TEC-local education authority provision and a local service contracted out to the private sector. That amended the 1973 Act and transferred the responsibility for the careers service from LEAs to the Secretary of State.

Under the previous Government, in 2001, Connexions was implemented and the careers service subsumed completely within the new Connexions structure. Subsequently, in line with the social inclusion agenda, the emphasis for careers advice was shifted away from universal schools provision to those not in education, employment or training. However, in July 2009, Alan Milburn published a report commissioned by the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) into social mobility that was highly critical of the previous Government's provision of career services, in which he judged Connexions an expensive failure.

Similarly, the Sutton Trust, the education charity, found that only 55% of pupils had a formal career action plan meeting with a careers adviser or a teacher—down from 85% in 1997. Recognising that the Connexions service was not working, in October 2009 Labour published "Quality, Choice and Aspiration: a strategy for young people's information". Criticism focused on the fact that poor or non-existent career advice had allowed many people to take A-levels inappropriate to the university degrees to which they aspired or to choose degrees unsuitable to their ideal career. Some were encouraged to go to universities when advanced apprenticeships would have been better or had gone for unsuitable short-term jobs from Jobcentre Plus. The National Council for Educational Excellence noted that

"state school teachers are often ill-equipped to offer adequate advice to students",

leading to unjustified divisions of provision between different types of school.

Such criticisms of a system would lead me to believe that the advice being given was too little, too late, to too few, and of a varying quality. One of the questions being raised tonight is whether we need to start tackling careers at a much earlier age to discover where a child's passions lie. We do not need anything prescriptive or pre-suggestive when a child is young; we need initially to allow a child to go on a natural discovery of his or her favourite subjects, and then to build on that love of a subject to explore career options constructively, asking, "Where would that subject lead?" We are talking about the application of education and appreciating the building blocks of school, work, employment and, most of all, life fulfilment.

In my mind, that falls in line with the recent report from the Institution of Mechanical Engineers, which stated that science, technology, engineering and maths—STEM subjects—are not being highlighted until later in the educational process, by which time students may have bypassed those career options. It added that there is evidence that

"engaging with young people before they reach secondary school has the potential to create more positive attitudes towards STEM".

Potentially, therefore, we are missing out on a section of children who might have gone into a science career. Inadvertently, we have closed a career path to a swathe of children who may well have gone on to excel in and relish such a career. Most importantly, that affects the individual, but the wider picture is that it affects society as a whole.

As chair of the all-party group on the chemical industry, I am repeatedly told the same story, which is that we are losing valuable talent—so much so that reports are coming to me that we are losing and have lost generations of young technicians and engineers. Not only that, but the industry is crying out for posts to be filled. That equates to career opportunities and jobs that are not being taken. Those are employment gaps that we could easily be filling now, especially at a time of high youth unemployment. There have been so many wasted opportunities. The Institute for Manufacturing and Professor Allport, who is the head of particle physics at Liverpool university, co-ordinating projects at both Daresbury science and innovation campus and CERN in Geneva, confirm that point.

I hasten to add that I cannot believe that the current situation is unique to STEM subjects. It must span across a range of subject areas, the message being: if we

[Esther McVey]

can engage young people and children in future career options and get them interested from an early age, they can connect with a broad range of choices of which they might not otherwise be aware. If they have a particular interest, they can tailor their education to that interest. Young people often miss out on important opportunities because they do not take up the correct subjects and are not adequately informed early enough about the choices that they need to make for their careers.

Bob Stewart (Beckenham) (Con) *rose—*

Steve Rotheram (Liverpool, Walton) (Lab) *rose—*

Esther McVey: I have two hon. Members seeking to make an intervention—like buses, two have come along at the same time. I will give way first to my friend from Walton.

Steve Rotheram: I congratulate the hon. Lady on securing this Adjournment debate on an issue that is close to both our hearts: making certain that young people get the best possible careers advice, so that they can make informed choices—something that, unfortunately, I do not believe I got when I was 16. She asked how we were going to put the system right. Does she agree that sacking careers advisers and slashing funding would not achieve her aim of doing just that?

Esther McVey: I do not believe that that is what is happening. Not only have I read out quotations from other people, but when the right hon. Member for Kirkcaldy and Cowdenbeath commissioned a report into the matter, he said that the project in question had been expensive and had not worked. I also specifically said that I was not looking at the staff individually, because so many of them are well qualified, believe in the job passionately and are completely dedicated. The focus of this evening's debate is where things are going wrong. Where do we need to focus our future direction so as to capture people with the infrastructure and the systems that are already in place, so that we do not lose anything, but instead take things forward?

Bob Stewart: I thank my hon. Friend for letting me get off the second bus. Does she agree that the focus in recent years has been far too much on pushing young people down the academic route, towards university? Many of the vocational ways of getting full-time work, including apprenticeships, have simply not been helped—I will not say "overlooked"—by the system. I want pupils in Beckenham, along with those in every other constituency, to be given more opportunity—a broader scope; a full range of options—so that they can choose the route that best suits them and their skills.

Esther McVey: My hon. Friend makes a key point, which I was going to touch on a little later. Did the requirements on schools perhaps produce some distortion, pushing children down a university route that might not benefit them all? That is why I am asking for far more sophisticated careers advice, so that each child gets the career outlet that is best for them, and not necessarily one that produces extra positive statistics for the school concerned. It is always about the child and how that child moves forward.

What sort of advice are we talking about, and who will provide it? In his review of higher education, Lord Browne stated that careers guidance should be

> "delivered by certified professionals who are well informed, benefit from continued training and professional development and whose status in schools is respected and valued."

However, in times of austerity, with ever-decreasing schools budgets, we need to ensure that we are able to make such a commitment. We need high-quality guidance for all children that can help young people make the right choices.

Added to that, a survey of young people from workless families found that 70% struggled to find work, that 25% felt that their parents did not have the knowledge to help them find employment and that 49% said that they did not have the role models to look up to or respect. That implies the need to bring such role models into schools to meet young people. In fact, the Deloitte Education and Employers Taskforce found a "substantial" divide between what young people wanted from their careers advice experience in school and what they actually got, including levels of involvement with employers. The findings showed that 95% of young people agreed that they would like employers to be more involved in providing advice and guidance about careers and jobs.

We therefore need to look at the interface between schools, other organisations and the professional careers bodies. I concur with the general secretary of the National Union of Teachers, Christine Blower, who said that the conclusion she drew from the Ofsted report on careers advice was that

> "Not every teacher should be expert in careers advice, but... young people should know who to turn to when they need guidance on future learning or on employment. Careers education in secondary schools should not be an also ran. Schools should have the resources to employ staff who can give dedicated and knowledgeable advice."

I would add that careers advice requires a co-ordinated interface of individuals and bodies working together, which requires standardisation as well as flexibility, aided by the creation of accredited professional organisations bringing real business examples into the schools.

My points for the Minister are these. We have to look at the new proposals, particularly the fact that schools will have a legal duty to secure independent and impartial careers advice for their students. Schools will be free to decide how best to support young people to make good career choices. It might be perceived that that could lead to a gulf in the provision of careers advice among schools, councils and areas. I would like to think that that will not happen, but I would like some clarification. Some children could be getting better advice than others, so we need to ensure that that does not happen. We need to ensure that what we have said about universal specialist training happens.

Dr Stella Creasy (Walthamstow) (Lab/Co-op): I congratulate the hon. Lady on securing this debate. Like her, I feel strongly about the importance of careers advice. She makes a strong case for how to reform the careers advice system, but does she not accept the concern of some Opposition Members that our ability to provide the new careers service that she wants will be severely damaged by the fact that many careers professionals currently face redundancy? I understand that in Merseyside alone 130 places are due to be cut. In my borough of

Waltham Forest, the careers service is at risk because of the cuts to local government. She might have great ambitions for an all-age careers service, but the people necessary to support it will simply not be there by September this year to facilitate it.

Esther McVey: What the hon. Lady has said is vital, which is why we are here today. We are saying that such a situation could be on the horizon, so we need to capture the people I mentioned. However, when Members on both sides of the House have said that Connexions is not working, failing and an expensive experiment, it shows that the system is wrong. It is not the people who are wrong but the system, so how do we get those people into the right system? That is what we are trying to do.

Moving on, we have to look at the transition stage. All Members are deeply concerned about that. We need to look at the age and the scope of career awareness. As my hon. Friend the Member for Beckenham (Bob Stewart) said, we also need to look into a possible distortion from within schools to push people into career paths down which they should not go—to university, for example. My hon. Friend is a champion of apprentices, and we know that there will be 75,000 more of them during this Parliament. How will people find out about that? That is why I am asking for a professional body with sophisticated knowledge which uses all the outlets—whether face-to-face or through the internet. There should be every opportunity.

Steve Rotheram: Thank you for allowing me to intervene, Mr. Speaker.

The hon. Member for Beckenham (Bob Stewart) made an important point. Apprenticeships are not just about careers advice: people do not embark on them just because someone has pointed them in that direction. It is true that there are real problems related to careers advice, but there is also the problem of the culture of apprenticeships and the lack of parity of esteem. In other countries, such as Germany, an apprentice is seen as the equivalent of someone who has taken an academic route. It is not just a question of those working in careers services pushing people into apprenticeships; it is a much wider issue. People should not be pushed into an academic route which might not be the best option for some individuals.

Esther McVey: The hon. Gentleman has hit the nail on the head. He has identified one of the key flaws in the careers advice that is currently provided. As he says, apprenticeships have equal standing. Careers advice should take account of the abilities and capabilities of the individual, and should aim for the complete fulfilment of that person. We need to increase understanding of the status of apprenticeships.

We have touched on many important points this evening, on which Members on both sides of the House have been able to agree. We all want children from all backgrounds and with all abilities to be able to fulfil their potential.

4.51 pm

Andrew Miller (Ellesmere Port and Neston) (Lab): I congratulate the hon. Member for Wirral West (Esther McVey) on securing the debate, and thank her for being gracious enough to allow me a few moments in which to address the House. I also thank you, Mr. Deputy Speaker, and the Minister for agreeing to that.

This is a hugely important subject. There are few words that the hon. Lady uttered with which I would take exception, but I should like to mention a detail relating to my constituency. I stress that I am speaking from a local point of view. Connexions worked in Cheshire: it was extremely well run, although I accept that its success was patchy in the country as a whole. Our present difficulty lies in the fact that the local authority, Cheshire West and Chester council, has agreed to re-inherit, through a TUPE transfer, 26 youth workers from Connexions. That will be the sole service available to people in the age group that we are discussing, which is inadequate provision according to any measure.

A constituent who works in the service has written to me saying:

> "As you are aware, there has been talk of an all age careers service being established by... 2012 which would lead the way in providing careers information advice and guidance. As you might not be so aware... the all age careers service... although its remit would be to work with people from the age of 13... would not operate within schools."

Therein lies the key problem. The hon. Member for Wirral West rightly identified the difficulties involving the STEM disciplines. With my Select Committee hat on, I have been discussing that huge and complex issue with a number of learned societies, including STEM Ambassadors and the UKRC. I am sure the hon. Lady agrees that it is sad that UKRC has lost its funding for supporting women in science and engineering, and the Minister may wish to comment on that en passant. Organisations such as those, which have been working extremely hard to promote STEM subjects, will find doing so much harder as a result of the vacuum that is being created. We are told that it will take until 2012 to set up the all-age service, and that it will not necessarily operate in schools. As all the STEM experts have observed, there is a gap in the schools sector.

I agree with the hon. Lady that people should receive careers advice at a very early age. If we are going to excite people about science and engineering, the "on" switch has to be found at a very early age. That is why I am a great fan of the National Schools Observatory operating out of John Moores university, where children from the hon. Lady's constituency and mine—and, indeed, from the constituency of the hon. Member for Beckenham (Bob Stewart) and from across the country—can get access to the telescope at La Palma and engage in genuine science. It is a fantastic project but, unfortunately, for the sake of probably less than £2 million, the service is going to disappear. Therefore, even in schools that have a science driver—a teacher who is excited about the potential of creating the next generation of scientists—tools are being taken away.

I have known the Minister for a while, and I know he is a man of eclectic tastes. It says in his biography that he is interested in subjects as diverse as architecture and jam-making. I also know that he ran an IT company with some success, so he is a man who probably understands the point I am making. My plea to him is that he should sit down with his colleagues in the Department for Education, and with those with responsibility for business and higher education, and start to formulate a strategy that will maximise the impact at the primary level. We must ensure that we work with industry and academia

[Andrew Miller]

to bring as much expertise as possible into the classroom, and we must continue the projects that are available at the secondary level, including the Catalyst centre, which is just down the road from the hon. Lady's constituency. It is a great, exciting place where people can play with proper chemistry, and do things that I hope we will do in the House in a few weeks' time to mark the anniversary of the Royal Society of Chemistry. I hope that will excite Members. We must also work at the higher level with university students—as many Members have done—and at a still higher level, working with people through the Royal Society pairing schemes. There are all sorts of things we can do.

I am not criticising the Minister for seeking change, but I am worried. We are going to have a vacuum, and in my constituency we are going to lose the skills of people within the system. My plea to him is that he should slow the process so that we make sure that the skills that we have are not lost, but instead are transferred into structures that are thought through and appropriate to the local community. I want to stress that final point about being appropriate to the community. One size does not fit all. In my constituency we created, quite away from my interest in the STEM areas, the Cheshire Oaks retail academy. That is a grand-sounding title. It started off helping the NEETs—those not in education, employment or training—to get jobs in the fantastically successful Cheshire Oaks retail operation. They were not getting jobs from the community, and we started at the very basic level, working with the further education college and the secondary school to help kids present a CV and present themselves for interview. The project has grown and grown, and now it is doing higher level national vocational qualifications, and has trained many young people—certainly at the top end of the second thousand of them. They have gone through training modules, working with all the employers on the Cheshire Oaks estate. There are therefore models that can be tailored to the needs of particular sectors.

There are changes we need to think about that apply to the primary sector and the secondary sector, but my plea to the Minister is this: for goodness' sake, hold fire on pulling the plug on Connexions, because we need a more sophisticated transition from where we are now to where I think all of us on both sides of the House would like us to get to.

4.59 pm

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): It is a pleasure to follow the hon. Member for Ellesmere Port and Neston (Andrew Miller), who chairs the Select Committee on Science and Technology and has a background as a technician and expertise in industrial relations. He said that I was "eclectic". I like to be eclectic, and even idiosyncratic, but only to the point where it is still interesting and not weird, as I shall try to illustrate in these remarks. I will address the points that he made, but he will understand that as a matter of courtesy I wish to start by congratulating my hon. Friend the Member for Wirral West (Esther McVey) on securing this debate and on the contribution that she has already made on the subject of careers, aspiration and, in particular, the opportunities available to young women.

I was proud to attend, along with the Secretary of State for Work and Pensions, my right hon. Friend the Member for Chingford and Woodford Green (Mr Duncan Smith), whom I see in his place, the launch of this magazine "If Chloe Can". It is tailored to promoting opportunities for young women, to opening up those opportunities and to spreading the message that people's aspirations, tastes and talents can be met if the right support, the right advice and the right opportunity is in place. I will present a copy to you at the conclusion of this debate, Mr Deputy Speaker, and I hope that it will be signed by my hon. Friend the Member for Wirral West. She and other Members are a role model for young women, showing what one can achieve with hard work and determination. I know that she has been a success in business and in the media, and, as I say, she is making her mark in politics too.

My hon. Friend is right to say that high quality careers guidance is crucial if all young people are to receive the support they need to make well informed decisions about learning and careers. I listened to her carefully and she was also right to say that most young people garner that advice from social networks, parents and others in their immediate locale. I shall come on to speak at great but not inordinate length about social mobility.

The Secretary of State for Work and Pension (Mr Iain Duncan Smith) (Chingford and Woodford Green) (Con): You've got plenty of time.

Mr Hayes: My right hon. Friend is pitching in from a sedentary position, Mr Deputy Speaker, and before you say so, I will say that he should know better.

The point about the garnering of advice from those networks is that it disproportionately favours those whose parents or friends know about opportunity, know about going to university, know about college or know about apprenticeships. Young people who do not have access to that familiar and social support to enlighten them about those opportunities are doubly disadvantaged. In order to compensate for that disadvantage—it is the mission of this Government to redistribute advantage in society, and I make no apology for saying so—we need to ensure that good quality advice and guidance is in place so that people can achieve their potential.

The right support is one of the keys to unlocking social mobility and opening the door to aspiration and progression. Ruskin once said:

> "The highest reward for man's toil is not what he gets for it, but what he becomes by it."

The hon. Member for Liverpool, Walton (Steve Rotheram), whom I seem to recall is a successful apprentice, rightly says that this is not merely about wage returns. Of course it is about that, but it is also about elevating the status of the practical, understanding the aesthetics of craft and realising that vocational learning has its place. As my hon. Friend the Member for Beckenham (Bob Stewart) said, for too long in this country we have conned ourselves into believing that the only form of prowess that mattered came from academic accomplishment. Practical skills and vocational competencies also give people a sense of pride and purpose, which is vital to their self-esteem and the communal health of our country. I entirely endorse what the hon. Member for Liverpool, Walton, in a happy alliance—one might call it a coalition—with my hon. Friend the Member for Beckenham, said

earlier. I recommend to them both a speech on that subject that I made at the Royal Society for the encouragement of Arts, Manufactures and Commerce. I have only one copy with me, but perhaps they could share it, passing it from one to the other.

Good guidance from a young age can stimulate ambition, inspire hard work and instil social confidence, even for the most disadvantaged young people in our society. As the hon. Member for Ellesmere Port and Neston said, we have some good examples of support offered to young people in schools and by the Connexions service. As he acknowledged in generously welcoming our initiative for an all-age service, we also have many instances where young people are not getting the advice they need. As my hon. Friend the Member for Wirral West made clear, the evidence clearly supports that conclusion.

According to a survey carried out by the Edge Foundation in 2010, 51% of young people reported that careers education, information, advice and guidance were simply not meeting their needs. Incidentally—this is not in the notes prepared for me, but I shall add it—the survey also revealed that teachers in schools knew less about apprenticeships than any other qualification with the exception of the Welsh baccalaureate. I have nothing against the Welsh baccalaureate, but one would have expected teachers to know rather more about apprenticeships than they do. As they do not have that information at their disposal, they cannot always match people's aspirations and talents to the opportunities that I spoke of earlier. That is why we need independent, high-quality, up-to-date and impartial advice and guidance for all young people.

Ofsted has found, as hon. Members will know, that the provision of information, advice and guidance about the options available is not always sufficiently impartial. Those concerns also extend to the issues about which my hon. Friend feels so passionately.

First, on broadening horizons and challenging preconceived ideas about learning and careers for women, we must build on the work of my hon. Friend and others to ensure that young women are equipped and inspired to pursue the fullest possible range of careers rather than those that are too often mapped out for them based on stereotypical beliefs.

On making apprenticeships and vocational training equal in status—and appeal—to academic qualifications, I have, as hon. Members will know, long made the case for elevating the practical in our system. Through restoring a focus on specialist expertise in guidance for young people, I want us to inspire the next generation of young scientists, for example, as the Chair of the Select Committee recommended.

Steve Rotheram: I thank the Minister for giving way. I think I called you Mr Speaker earlier, Mr Deputy Speaker—I apologise for elevating you far too early. In case the Minister's reference to coalitions with Government Members ruins my embryonic political career, I agreed on the one point and very little else as regards my political persuasions and those of the hon. Member for Beckenham (Bob Stewart). I want to put on record the fact that the previous Labour Government trebled the number of apprenticeships, so they did understand their merits. Like my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller), I have been contacted by constituents who are end users and employees of Greater Merseyside's Connexions service, some of whom are facing redundancy. Does the Minister understand their feelings? They believe that the Government's proposals are in danger of throwing the baby out with the bath water.

Mr Hayes: I shall come on to the issue of transition. The hon. Gentleman, like his hon. Friend the Member for Ellesmere Port and Neston, is right to raise the issue of how we deal with the transition from the existing arrangements to the all-age service. We will begin the all-age service, as has been said already, in 2012, but I want as much as possible to be in place by the end of this year. I shall come back to the transition, but let me say that this proposal is not just in the interests of the recipients of advice. It is also about re-professionalising careers advice for the people who give it. When I became the shadow Minister in the long-distant past, I met many people who worked for Connexions. Some were lifetime careers advisers who were desperate to have careers advice re-professionalised. They were asked during the Connexions regime to be advisers on all kinds of things—on careers, but also on sexual health, lifestyle choices and drug misuse. That was a very tall order. There is a place for that kind of advice, but I am not sure that it is best provided in a one-stop shop such as Connexions. It is much better to have a careers advice service that is just that. It is demanding enough for careers advisers to be up to speed and up to date with all the options for training, learning and jobs, let alone being asked to do much more. I say to careers professionals that this is not a threat but a serious opportunity, as our commitment to that service and their profession is unrivalled.

I have more time than Ministers usually have in Adjournment debates, and I cannot resist saying a word, with your indulgence, Mr Deputy Speaker, about apprenticeships. I do not want to get into a sterile debate about the history of this issue and the previous Government—a tragedy perhaps tinged with comedy—but I will say that I intend to build more apprenticeships in this country than we have ever had. We have already put an extra £250 million into the apprenticeships budget to secure that ambition. We have set an initial target of 50,000 more apprenticeships and I believe we can meet that target and exceed it in the lifetime of this Parliament—indeed, in this comprehensive spending review period. I want more apprenticeships at levels 2 and 3—and more too at levels 4 and 5—to fill the gap in intermediate and higher level skills that, as the hon. Member for Ellesmere Port and Neston is well aware, will inhibit growth, particularly in those high-tech, high-skilled industries that we need to foster.

Schools will continue to play an important part in ensuring that all pupils benefit from good advice. Teachers are so important. As this is becoming something of a wide-ranging debate, let me say, with your indulgence, Mr Deputy Speaker, that it is time for us as a Government and as a House to elevate the role of educators. Into the hands of teachers we place our future—our children. Every great civilisation from the past—Greece, Rome, Egypt, Persia and China—understood that educators and teachers are vital. Socrates himself was a teacher. However, we ask too much of our teachers when we expect them, in addition to inspiring young people with a thirst for learning, to be careers professionals. It is true that individual schools have the best knowledge of

[Mr Hayes]

their pupils' needs, and it must be their responsibility to ensure that those pupils can access the best possible advice, but it is not always best for those schools to provide the advice. Some do it very well, but others less so.

In the forthcoming education Bill we intend to introduce a duty for schools to secure independent, impartial guidance for their pupils, but they will be free to decide how that guidance is secured—through the all-age service or through another provider, all of whom will be expected to meet exacting quality standards. That will safeguard the partnership model in which schools draw on their knowledge of pupils' needs and work closely with external independent advisers with expert knowledge and skills. It is crucial to place that at the heart of our new arrangements, because with all that is expected of schools, it is too much to ask them to provide careers advice and to keep up to date with the latest developments in careers and the labour market.

My ambition is to have guidance for both young people and adults that is widely respected and valued. C. S. Lewis said:

"You are never too old to set another goal or to dream a new dream."

The important thing about the all-age service is that it will assist people who need to change direction or to upskill. One feature of an advanced economy is that as skills needs advance they become more dynamic. Businesses change more quickly to shape themselves around economic changes and skills needs change accordingly, so we need to help people to get the advice they need to get jobs, to keep them and to progress in them.

Information, advice and guidance will be available online. In those terms, we will build on the work of the last Government, who invented the Next Step service, which we were able to implement this summer and will provide a basis for a high-quality online product as it metamorphoses into the core of the technology offer that the all-age service will provide. Young people in particular tend to access information online, and as hon. Members will know, that will enable us to ensure that information is updated effectively, but face-to-face guidance matters, too. I am determined to use the limited resources that we have available—we live in tough times and the Government are determined to deal with the deficit, so there is no money sloshing about—to maximise the amount of face-to-face contact that people can enjoy, because it is needed to supplement what they can gain online.

To form a new professional basis to the service that will be crucial to its success, the Government are responding positively to the recommendations of the Careers Profession Task Force aimed at increasing the quality and status of the profession. That was led by Dame Ruth Silver, who has done an excellent job with her team. Members who were fortunate enough to read the report that emanated from that work will recognise that it was very much about building the kind of professional pride and purpose that I described when responding a few moments ago to the hon. Member for Liverpool, Walton.

Let me say something about transition. To be frank, I was concerned about that, too. Determined though we are to put in place the all-age service, it is vital that transitional arrangements are handled properly. During the transition period, we will support local authorities to work through any changes in local service provision that may be necessary as a result of the establishment of the all-age service, involving, where appropriate, Connexions service providers.

In 2011-12, the early intervention grant will support transitional arrangements to ensure that young people have access to impartial guidance in advance of the all-age careers service being fully operational. For those who want to check the figures—diligent Members will do so immediately after the debate—they were announced on 13 December in the local authority grant settlement. Transitional arrangements, by their nature, are never perfect, but we will use every endeavour to ensure the continuity of the advice offered and that the conditions in which it is offered are as appropriate as possible. Certainly, we want to support careers professionals, because they will form the core of the new service.

Andrew Miller: Given that the Connexions company locally has effectively been told to wind itself up, it will, by necessity, have to put people on notice of possible dismissal. What advice is the hon. Gentleman giving to the Connexions service and local authorities to give comfort to those people who have put a lot of time and hard work into the service that their jobs will be protected where the service has been of the standard that he quite rightly expects?

Mr Hayes: Local authorities will retain a duty to provide the service and the new all-age service will begin to kick in from this autumn, so any hiatus of the kind that the hon. Gentleman suggests is present should not be significant. I hope that local authorities would put in place arrangements to ensure that those people involved could move from one service to the other reasonably seamlessly. If he takes that message to his local authority with my endorsement, it may yield more fruit.

Andrew Miller: If the Minister were to write to local authorities and be kind enough to place such correspondence in the Library, that might give some comfort to hon. Members.

Mr Hayes: I am always informed by the contributions of hon. Members of this House, and I will certainly take what the hon. Gentleman says away and give it appropriate consideration. As I am a responsive, listening Minister, as you know, Mr Deputy Speaker, I will ask my officials to look at that matter closely, see what measures we have already put in place, and see whether we need to do anything more. That would be an appropriate way to deal with the hon. Gentleman's query, as I think he would acknowledge.

The arrangements for the all-age service will, of course, include an emphasis—widely welcomed in this debate—on apprenticeships. My hon. Friend the Member for Wirral West spoke about vocational learning, as have others. She also spoke about the need to be open-minded about all the opportunities available to young people. As many have already said, that certainly includes learning at local college, learning in the workplace, and learning provided by independent training providers, as well as the academic route. I want to create a pathway on the vocational side that is as navigable, progressive and

seductive as the academic route that many of us travelled. To that end, it is important that the House understands the new commitment that the Government have to apprenticeships, as a pivot of our skills policy. I want more apprenticeship frameworks, more higher level apprenticeships, and more apprenticeships permeating companies that have not had them in the past.

My officials are working closely on ideas for improving the status and aesthetics of apprenticeships, including proposals to introduce a more formal graduation process to give apprentices a proper sense of achievement; proposals to ensure that the frameworks are progressive; and proposals to develop more level 4 frameworks, in particular. I am also keen to ensure that we see apprenticeships as a route to higher learning. Many apprentices already go into higher learning through college or university, but I want to grow that over time. In our skills strategy, which I know sits by the bed of all hon. Members present, we committed to working with the National Apprenticeship Service to do many of the things that I have just described, but I have already spoken of the unprecedented financial commitment that we are making to apprenticeships, and I do not want to repeat myself.

Steve Rotheram: In Liverpool, there is no problem with careers advice attracting people into apprenticeships. It is the opposite way round: there are not the employed apprenticeship opportunities for people to move into. How does the Minister think the local government settlement in Liverpool—the worst in the country, which means that public sector jobs will be lost by the city council, which employs apprentices—will help people who want to get on the ladder as an apprentice?

Mr Hayes: I would not want to talk about local government; it is outside my purview, and you would not permit me to do so, Mr Deputy Speaker, because it is also outside the range and scope of this debate. The hon. Gentleman has put his remark on the record. What I will say is that on his substantive point about companies, he is right: we need to encourage more companies to take apprentices. The National Apprenticeship Service has been very busy doing just that. I have been working with it on a national campaign, unprecedented in its scale and penetration, to encourage more businesses to take on an apprentice. Seventy-five Members of this House have engaged with that campaign, working in their locality to promote apprenticeships. I do not know whether the hon. Gentleman is one of them, but if he is not, I hope that he will join their number. Many colleagues have taken on an apprentice. I have taken on one in my Department. I hope that Ministers and Members of the House will do that, too. Let us give apprenticeships the status that they deserve by what we do and what we say.

I shall now move to my exciting peroration, although I know that Members are, rightly, excited by this subject.

In summary, we have to improve our education system so that every young person gets the support, guidance and inspiration that they need to make a success of their life, and we need high-quality learning provision with clear routes into a range of rewarding careers. The establishment of an all-age careers service, which provides excellent, professionally delivered careers guidance to young people and adults, lies at the heart of that, and the support of schools will be a vital component in its success. As we take that work forward, I shall ensure that we address all the points that my hon. Friend the Member for Wirral West made at the outset of this debate.

Let me make myself absolutely clear. Education is a key driver of economic growth, individual well-being and communal health. It changes lives by changing life chances, and guidance and advice is critical to that. C. S. Lewis, whom I have quoted once already, also said, "What you believe is what you are," and this coalition Government believe passionately in social cohesion, social mobility and social justice.

Question put and agreed to.

5.25 pm

House adjourned.

House of Commons

Monday 17 January 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

COMMUNITIES AND LOCAL GOVERNMENT

The Secretary of State was asked—

Regulatory Burden

1. **Richard Graham** (Gloucester) (Con): What steps he is taking to reduce the burden of regulation on local government. [33545]

The Secretary of State for Communities and Local Government (Mr Eric Pickles): The Government are committed to reducing radically the burden of regulation on local government. We have already freed councils from the top-down controls of the comprehensive area assessment and local area agreement targets. The Localism Bill will go further, scrapping regional strategies and housing targets, the Standards Board regime and the duty to promote local democracy.

Richard Graham: I am grateful for my right hon. Friend's reduction of local government paperwork. Not long ago, in order to meet Official Journal of the European Community requirements, Gloucester city council had to spend more than £300,000 on a tendering document for the redevelopment of King's quarter. In this time of financial difficulty, does he agree that it is time for the European Commission to reduce the number of local government tenders that must follow OJEC rules, and so save taxpayers' money in Gloucester and elsewhere?

Mr Pickles: My hon. Friend makes a reasonable point. In fairness to the European Commission, it also recognises the problem and is undertaking a comprehensive evaluation of public procurement legislation. I also know that the Local Government Association feels strongly on that; its snappily titled, "The impact of EU procurement legislation on councils", highlights the specific difficulties faced by local councils. I agree with the LGA and the EU. I met Commissioner Hahn last summer and urged him to ensure that a similar light-touch approach is taken to the administration of the European regional development fund.

Mr Clive Betts (Sheffield South East) (Lab): The Localism Bill, which we will discuss later, has more than 140 new order-making powers for the Secretary of State. Is not that the Government saying that there will be new freedoms and powers for local communities and then being very prescriptive about how they should operate? Why is it necessary to have among those new orders and powers a raft of regulations imposing non-elected mayors on places such as Sheffield, where there is no demand for them from either the council or the public?

Mr Pickles: I do not recall the hon. Gentleman making those points about the Local Government and Public Involvement in Health Act 2007, which contained a much smaller number of clauses and yet had 87 pieces of regulation. What we are doing is entirely necessary to liberate local government from the hand of central Government and is deregulatory by nature. As a friend of local government, he should be congratulating us and perhaps showing some contrition for his failure over the 2007 Act.

Local Authority Spending (Online Publication)

2. **Richard Ottaway** (Croydon South) (Con): How many local authorities have published details of their spending online to date. [33546]

4. **Sheryll Murray** (South East Cornwall) (Con): How many local authorities have published online details of their spending over £500 to date. [33548]

9. **Elizabeth Truss** (South West Norfolk) (Con): How many local authorities have published online details of their spending over £500 to date. [33553]

14. **Andrew Griffiths** (Burton) (Con): How many local authorities have published online details of their spending over £500 to date. [33558]

The Secretary of State for Communities and Local Government (Mr Eric Pickles): Our latest assessment is that at least 193 local authorities have published their spending data online to date. Another 10 are about to publish those data on their websites, but that figure is changing daily—pleasingly, upwards.

Richard Ottaway: I congratulate the Secretary of State on that initiative. As Parliament knows to its cost, transparency is the best way to restore confidence in Government, and for that matter in local government, but any policy must be judged by its outcomes. Is there any sign that that initiative has changed behaviour in any way in local government?

Mr Pickles: As my hon. Friend will know, my Department has published those figures, and that has certainly changed our attitude. There is no possibility that, as under our predecessors, we will order lots of expensive Parisian sofas, a peace pod or special high-quality chocolates for the Secretary of State—Mrs Pickles is probably pleased about that. We recognise that we must account for every single penny.

Sheryll Murray: When councils publish details of any spending over £500, will they also publish the date on which the decision to initiate that spending was taken,

so that the public can see clearly when it was taken so that accountability is not misplaced when administrations change?

Mr Pickles: We will fairly soon be publishing guidance on what is expected. We were clear that we were keen to see the raw data out there. My hon. Friend should easily be able to obtain such information through freedom of information or by writing directly to the authorities. It is important that local authorities are accountable, as we are, for the money that they spend. I look forward to seeing more local authorities publishing their spending online.

Elizabeth Truss: I congratulate King's Lynn and West Norfolk council and Breckland council on being in the vanguard of councils publishing their expenditure online. Will the Secretary of State confirm how important this initiative is for transparency and for taxpayers to know how their money is spent?

Mr Pickles: I agree. The councils that my hon. Friend mentions should receive our congratulations and should be a spur to Norfolk county council to follow their lead.

Andrew Griffiths: May I draw the attention of the Secretary of State to an editorial in that august newspaper, the *Burton Mail*, which said:

"Eric Pickles deserves credit for requiring councils to publish every item of spending above £500. Mr Pickles' requirement is about strengthening democracy."?

Does my right hon. Friend agree that a similar approach should be taken to councillors paying expenses? Will he join me in condemning those Opposition Members who are calling for more pay for councillors at this difficult time?

Mr Pickles: I am glad to know that I am going down well in Burton. Information about councillors' expenses has for some time been available from councils, but I hope the right hon. Member for Don Valley (Caroline Flint) will take the opportunity some time to say that Lord Beecham's request for extra remuneration for councillors at a time of crisis is singularly inappropriate.

Chris Leslie (Nottingham East) (Lab/Co-op): In that case, should not all Departments, not just councils and the Department for Communities and Local Government, also have to publish every £500 item of spend?

Mr Pickles: As the hon. Gentleman knows, a number of other Departments have taken that initiative. I look forward to seeing the whole Government follow where councils lead—*[Interruption.]* I am relaxed about that. It is up to individual Departments, but there are already a number that publish expenditure above £500.

Helen Goodman (Bishop Auckland) (Lab): Does not the Secretary of State realise that that is an absurd bureaucratic regulation? Durham county council has calculated that it will take two full-time officers to fulfil that requirement, at the same time as the Secretary of State is cutting £100 million from the budget. *[Interruption.]* What is the purpose of such pointless posturing?

Mr Pickles: I confess that I had difficulty hearing the hon. Lady for all the gasps of disbelief. Only if Durham is using an abacus for calculation or providing the information on vellum is that likely to happen. In most councils and in my Department it happens automatically. With a simple spreadsheet, it is very easy to do.

Mr Speaker: I had the hon. Member for Derby North (Chris Williamson) down for question 2 but, if there has been a change of plan or if I have been misinformed, that is fine.

Council Tax

3. **Harriett Baldwin** (West Worcestershire) (Con): What support his Department is giving to local authorities to minimise increases in council tax. [33547]

8. **Charlie Elphicke** (Dover) (Con): What support his Department is giving to local authorities to minimise increases in council tax. [33552]

12. **Mr Andrew Turner** (Isle of Wight) (Con): What support his Department is giving to local authorities to minimise increases in council tax [33556]

The Minister for Housing and Local Government (Grant Shapps): The Government are making an extra £650 million per annum available over the next four years to help principal local authorities in England to freeze their council tax in 2011-12, and will take action against excessive increases. The Localism Bill provides for local referendums on excessive council tax rises in future years.

Harriett Baldwin: At a time when so many household bills are rising, will the Minister join me in sending congratulations to Wychavon district council and Malvern Hills district council, which have worked so hard to share services and to keep council tax rises down for local residents?

Grant Shapps: My hon. Friend is right. In the past week or so since the finance settlement, I have had a procession of council leaders coming to see me, usually with their chief executives, to plead that they have no money left. One came this morning, and notably brought the chief executive who is being paid £180,000. I pay tribute to those local authorities that have taken the necessary steps and are therefore able to take advantage of the council tax freeze.

Charlie Elphicke: The elderly, vulnerable and least well-off constituents of mine in Dover and Deal and I am sure across the country will welcome the Government's efforts to freeze council tax. May we have an assurance from Ministers that we will never again return to the dark days of the past, when council tax doubled under the previous Labour Administration?

Grant Shapps: My hon. Friend is absolutely right to point out that between 1997 and last year council tax rose by 109%, so the elderly, the frail, the most vulnerable and those with fixed incomes had absolutely no defence against what was happening when the current Opposition were in government. I am very proud to say that £650 million is being made available for this important priority: a 0% rise.

Mr Turner: What can be done to stop local authorities withdrawing services, such as libraries and lavatories, and expecting town and parish councils to take them over, thereby increasing the local precept? People will not benefit from the Government's support to protect them from council tax bills rising if the local precept rises instead.

Grant Shapps: My hon. Friend makes a valid point. Unless an authority has already merged its human resources, legal services and planning departments and cut the chief executive pay that Opposition Members are so keen to defend, there is no excuse for trying to charge more for those services, or indeed, as my hon. Friend points out, for trying to shove them off on to, perhaps, parish councils.

Mr Dennis Skinner (Bolsover) (Lab): Since Bolsover district council has managed to hold its council tax steady for a few years, and since none of its executives get the kind of sums that have been referred to, will the Minister repay the compliment by allowing it to deal with the 108 prefabricated buildings that have been there since the end of the second world war? The council needs to replace them and pensioners need new accommodation, so will he get the show on the road?

Grant Shapps: The hon. Gentleman knows, because he has raised this issue with me before in the House, that the decent homes programme continues, and last week's settlement, on top of the spending review, makes it very clear that £2.2 billion is available for decent homes—which, I understand, subsequent to our previous exchange in the House, his council is in line for.[1]

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): In a flight of fantasy and a moment of mental dysfunctionality, the Secretary of State and the Minister have proclaimed again and again that there is no need for front-line services to be cut if salaries are reduced, services are shared and there is greater efficiency. What will the Minister say to the Liberal Democrat-controlled Sheffield city council when, in cutting £70 million, it devastates services and decimates jobs in my city?

Grant Shapps: It is very important to get out to all local authorities across the country the message that the most vulnerable people should be protected in this spending settlement. That is an important point, because one of the principal ways in which vulnerable people are protected is through the Supporting People programme. Its budget has been pretty much kept intact. I will send out the message from the Dispatch Box now that the reduction in Supporting People is just 2.7% per annum, so there is no reason for local authorities to use that as an excuse to cut services to vulnerable people.

Chris Williamson (Derby North) (Lab): The Minister must accept that, far from supporting local authorities, the unprecedented cuts that his Government are inflicting will lead to diminished services, massive job losses and lower economic growth in the private sector. Will he at least concede that in the context of these massive cuts and the abolition of area-based grants, the £650 million that he is offering to freeze council tax is nothing more than a gimmick? Can he tell the House how he justifies sacrificing the country's most deprived communities to indulge the Secretary of State's penchant for attention-grabbing publicity stunts?

Grant Shapps: That was an interesting pre-written question, which seems to have ignored what we have established from the Dispatch Box today: that £650 million will lead to a 0% council tax rise in virtually every authority in the country. Although the hon. Gentleman says that that is of no consequence at all, I can tell him that for the pensioners in my constituency, his constituency and in those of my hon. Friends it will matter a great deal.

Local Authority Employment (Halifax)

6. **Mrs Linda Riordan** (Halifax) (Lab/Co-op): If he will assess the effect on the economy of Halifax of reductions in levels of local authority employment. [33550]

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): The Government monitor public sector job losses at the local level. The £1.4 billion regional growth fund has been set up to help generate private sector job growth, particularly in places that have been over-reliant upon public sector employment.

Mrs Riordan: The majority of public sector workers in Halifax are middle and low-income earners who have worked loyally for the council for many years. Will the Minister put on record exactly from where he sees new jobs coming to my constituency, which needs and relies on a strong public sector?

Robert Neill: I am sure that the hon. Lady will therefore welcome the latest Office for Budget Responsibility forecast, which predicts a total employment rise in 2011 and 1.5 million new private sector jobs being created. I hope that her council will work with the local enterprise partnership and the regional growth fund to achieve those jobs in her area.

Jack Dromey (Birmingham, Erdington) (Lab): Halifax will be hard hit by council cutbacks. Halifax council believes that for every job that goes in local government, one will go in the private sector, and that the voluntary sector will also be hard hit. Does the Minister accept, therefore, that this Government are cutting too far, too fast, with no plan for growth and rapidly rising unemployment, and that once again, for this Conservative-led Government, as in the 1980s, unemployment is a price worth paying?

Robert Neill: No, sir.

Formula Grant Funding (Deprived Areas)

7. **Bridget Phillipson** (Houghton and Sunderland South) (Lab): What assessment has been made of the likely effects on local authorities in areas of deprivation of reductions in formula grant funding. [33551]

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): We have delivered a fair funding settlement for local

1. [*Official Report*, 27 January 2011, Vol. 522, c. 4MC.]

authorities that takes into account the particular circumstances of each area. Our proposals ensure that no authority sees a reduction in revenue spending power greater than 8.9% in each of the next two financial years.

Bridget Phillipson: The Minister apparently does not understand, or does not care about, the scale of the challenge facing constituents in deprived areas such as Sunderland. Does he seriously expect my constituents to be grateful for the hammering that they are taking in order to protect affluent areas such as Surrey?

Andrew Stunell: I share the hon. Lady's disappointment that the financial situation we face means that every part of the public sector has to take pain in order to put things right. The formula grant for Sunderland is £562 per head, and that means that for every £1 going to the less dependent authorities, Sunderland is getting £4.50. Her reduction of 8.9%, and of 4% next year, will in fact be an improvement because of the new homes bonus amounting to more than £500,000 this year.

Simon Wright (Norwich South) (LD): I welcome the Department's review of formula grant damping in time for 2013. Will the Minister consider the impact of damping on Norfolk county council, which next year will receive more than £20 million less than if the formula grant were given out on the basis of assessed need only? Will he ensure that from 2013 Norfolk gets a fairer funding deal as a result of this review?

Andrew Stunell: I thank my hon. Friend for that question. The local government finance review will start later this month and will indeed produce a new determination of funding for local authorities that gives them much more freedom to spend and raise their revenue, starting from 2013.

Caroline Flint (Don Valley) (Lab): In his appearance before the Select Committee on Communities and Local Government, the Secretary of State said that there was no need for local authorities to make cuts to front-line services, yet only last week the Conservative chair of the Local Government Association said that

"the level of spending reduction that councils are going to have to make goes way beyond anything that conventional efficiency drives, such as shared services, can achieve."

If the Secretary of State and his team disagree, will the Minister tell us how many local authorities will be able to meet their budget cuts without cutting either jobs or front-line services?

Andrew Stunell: It is obviously for every local authority to take its decisions on what services it supports with the money it has available. Councils will have much more freedom and flexibility, with the money that they do have, in making choices in future. It is for them to decide on their priorities.

Caroline Flint: I will take that as meaning none. As the Minister knows, in the real world, these huge front-loaded cuts cannot be made by efficiency savings alone. The Secretary of State and his team have said on many occasions that the settlement is fair. He said that it is progressive and that it protects the most vulnerable. The House of Commons Library has confirmed that the top 10% of most deprived areas are being hit with cuts four times worse than those in the best-off areas. To put it another way, while people in Hartlepool will lose £113 per head, residents in Wokingham will lose only £4 per head. Does the Minister still think that that is fair?

Andrew Stunell: I say to the right hon. Lady that we have adjusted her formula grants to put a greater emphasis on the importance of deprivation—from 73% to 83%. Our banded floors mean that the percentage loss of formula grant for Hartlepool is lower than for Wokingham.

Green Spaces

10. **Andrew Jones** (Harrogate and Knaresborough) (Con): What steps his Department is taking to protect green spaces. [33554]

The Minister of State, Department for Communities and Local Government (Greg Clark): The coalition Government have taken immediate action to help communities to protect green spaces. Three measures stand out: the decision to take gardens out of the definition of brownfield sites; the abolition of the density targets that prevented family homes with gardens from being built; and the measures in the Localism Bill, which will be debated this afternoon, that give communities the right to have neighbourhood plans that protect valuable green spaces.

Andrew Jones: In 2001, the then Secretary of State for Transport imposed planning restrictions that required councils to limit the number of parking spaces allowed in new residential developments, and set high parking charges that kept shoppers from the high street. What is the Secretary of State doing to end the war on motorists waged by Labour?

Greg Clark: I think it was the same Secretary of State for Transport who set a target to reduce the number of journeys made by car, but, of course, the numbers went in the opposite direction. Everyone knows that if people are banned from having garages and driveways, as under those planning changes, it means not that people will not have a car, but that they will drive around looking for a precious parking space, annoying their neighbours and making people oppose development. We have therefore scrapped those maximum parking standards.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): What impact will selling off the treasure of our national forests, which has been built up over generations, have on access to green spaces for children and families?

Greg Clark: Of course, the policy to which the hon. Gentleman refers started under the previous Government. He knows that the intention is to increase and safeguard access to natural assets, such as our forests, for all generations.

New Homes Bonus

11. **Jason McCartney** (Colne Valley) (Con): What timetable he has set for implementation of the new homes bonus. [33555]

The Minister for Housing and Local Government (Grant Shapps): The new homes bonus commences in April 2011 and will match fund the additional council tax raised for every new home that is built or brought back into use. It will continue for six years.

Jason McCartney: I thank the Minister for that reply. We all want new homes. However, Labour-run Kirklees council has just launched a local development framework-style consultation process for 28,000 new homes. Many constituents are worried that it will mean the bulldozing of beautiful countryside in the Colne and Holme valleys. How can he reassure my constituents that local people will have a democratic say in developments in their area?

Grant Shapps: The good news is that local people will, at last, be in charge of development in my hon. Friend's constituency. Rather than targets being dictated from Westminster and our telling his constituents what should be going on, the balance will be in local hands. From April, his local authority stands to gain about £1.3 million through the new homes bonus. Local people will decide the pace and scale of growth, and the benefits that they want to derive. I trust them to do that more than I trust Ministers to do it from here.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): What plans does the Minister have for neighbourhoods such as Picton and Kensington in my constituency, where housing stock had been planned under housing market renewal, the existing stock demolished or vacated, and then the funding taken away?

Grant Shapps: The housing market renewal programme was responsible for demolishing a large number of homes—so many that there are fewer affordable homes after the 13 years of the previous Government than there were when they got into power in 1997. There was something wrong with that programme and there is now an enormous funding problem. It will be for the local community and local authority to get together with the local enterprise partnership and pull together the various funding streams, which will include the new homes bonus because those homes are no longer there. When they are rebuilt, the local authority can benefit. I extend an offer to meet the hon. Lady to discuss the circumstances of the housing market renewal.

George Freeman (Mid Norfolk) (Con): Rural villages in my constituency and across Britain have seen a policy of decline by neglect over the past 13 years, and people there are excited by the proposals for local housing in the Localism Bill. Can the Minister provide some reassurance that when small pockets of housing around a village are approved, some of the bonus will come back into the local community?

Grant Shapps: My hon. Friend will be reassured to hear that under the community right to build, which is one of the proposals in the Bill, local communities will be able to vote for additional homes, for example in a village that is trying to keep the post office and the local school alive. They will be able to do so without so much of the bureaucracy that there has been, and without the regional development agency telling them that their village is not where it wants homes to be built. It will happen on a local neighbourhood scale, so communities will be very much in control. They will own the housing trust that builds the homes and will be able to ensure that those homes stay in local use for as long as they like.

Alison Seabeck (Plymouth, Moor View) (Lab): I need to draw the House's attention to an entry in the Register of Members' Financial Interests for my right hon. Friend the Member for Greenwich and Woolwich (Mr Raynsford). To avoid any misunderstanding, I add that he is my partner.

It is eight months since the Minister entered office and asked us to judge him on his record of delivering housing. What has happened since then? Planning permissions have fallen off a cliff, we have the worst record of house building since 1923 and now 21 Tory council leaders in the south-east say that the new homes bonus will not deliver the homes that are needed. Does he agree with them, and what is his time scale for reconsidering the level of the bonus if it does not work, as they fear?

Grant Shapps: I am grateful to the shadow Minister for pointing out that I have now been in the post for eight months, because that happens to be exactly the time for which my four predecessors, including the current shadow Secretary of State, stayed in office.

House building had fallen to 1923 levels under the previous Government, with their top-down planning and regional spatial strategies. I am confident that the fact that we have scrapped that structure and introduced the new homes bonus, which, as we have heard today, is about to start paying out significant sums, will reverse the fall in house building and affordable house building that we so tragically saw under the previous Government.

Planning Policy

13. **Mr Laurence Robertson** (Tewkesbury) (Con): What assessment he has made of the potential implications of the provisions of the Localism Bill for planning policy guidance and statements. [33557]

The Minister of State, Department for Communities and Local Government (Greg Clark): The Localism Bill does have implications for the national planning framework, which will be developed in conjunction with the Bill. Currently, national planning guidance runs to 900,000 words, which is the equivalent of two copies of "War and Peace", and it is completely inaccessible to people in local communities up and down the country. We will replace it with a slimline, powerful version that people can use.

Mr Robertson: I thank the Minister for that very clear answer, but may I take the matter a little further? Obviously the new homes bonus is being introduced, as we have heard, along with the right for local people to decide on housing levels. In my experience, understandably, very few people want many homes built close to them. How can the Government ensure that there is not a conflict between those two policies?

Greg Clark: My hon. Friend asks a very important question that goes to the heart of the purpose of the Bill, which is to deal with the problem that the number

of homes being built has fallen to a low last seen in the 1920s. The reason for that is twofold. First, communities do not get to share in the benefits of new building, and specifically do not get the infrastructure that is required. Secondly, if people are excluded from having a say in the look and feel of development in their area, no wonder they are opposed to it. If we allow people to have a say and have a stake, we can start to turn around the planning system.

Emma Reynolds (Wolverhampton North East) (Lab): Local neighbourhood partnerships provide local community groups and people with a feedback mechanism to influence planning and other local government decisions. Does the Minister agree that the Government's decision to scrap those partnerships flies in the face of the stated aim behind the Localism Bill of pushing power down to local people?

Greg Clark: No, I do not accept that. The hon. Lady will find that we are encouraging, and indeed empowering, neighbourhoods to come together to develop a vision for their future. Funds will be provided to help them to do that.

Planning

15. **Bob Russell** (Colchester) (LD): If he will make it his policy to introduce a third party right of appeal in the planning system. [33559]

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): The Localism Bill lays out our proposals for the radical reform of the planning system, making it more effective at the local level, reducing the need for appeal, and supporting economic recovery. It does not include a third party right of appeal because the coalition considered it, but believed that the better route, as the Minister of State, Department for Communities and Local Government, my right hon. Friend the Member for Tunbridge Wells (Greg Clark) just said, is to give communities greater control over what is considered to be appropriate development for their areas at the very beginning, through our neighbourhood planning system.

Bob Russell: It would not be so bad if life in the real world were like that. Developers always have the advantage. They have to win only once, but objectors must win every time. A developer can go to appeal; opponents cannot. When a local authority and a developer sing from the same song sheet—in Colchester, the local authority and Mersea Homes jointly wrote the song sheet—there is a serious problem for the local parish council and local residents. I urge the Minister to take that on board and to think again.

Robert Neill: I would understand my hon. Friend's point if no other changes were being made to the system, but we are addressing precisely the point that he makes. In some areas, people currently feel disfranchised by the system. We are enfranchising them by enabling them, through the neighbourhood plan—if approved by a referendum—to prevent unwanted development in their area.

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): The Conservative party and its coalition partners pledged in their pre-election material to introduce a third party right of appeal, so may I congratulate the Minister and his partners on accepting the fact that that was one of the more barmy proposals among many others? Can I look forward to a series of further U-turns on other unrealistic propositions in the Localism Bill?

Robert Neill: The right hon. Gentleman is aware that both coalition parties thought that a third party right of appeal was well worth looking at, and we did so carefully—it was not lightly dismissed. The system that the previous Government left in place resulted in people feeling aggrieved. We have concluded, however, that the best means of reducing that grievance is not through the third party right of appeal, but by front-loading the system and giving residents and communities far greater control over development at the beginning, which is swifter and more cost effective.

Role of Central Government

16. **Gavin Barwell** (Croydon Central) (Con): What steps he plans to take to reduce the dependency of local authorities on central Government; and if he will make a statement. [33560]

The Secretary of State for Communities and Local Government (Mr Eric Pickles): The Government's localism and decentralisation agendas are focused on passing powers to the most local level possible. The local growth White Paper set out our plans to enable authorities to retain locally raised business rates and to give councils a real incentive to go for growth. The Localism Bill, which is before Parliament, includes a number of measures that are designed to reduce the dependency of local authorities on central Government, including in particular a general power of competence for local government.

Gavin Barwell: I thank my right hon. Friend for that answer. He will know that my constituency includes the retail and commercial hub of Croydon town centre. Achieving the full localisation of business rates would give the council a very strong stake in the health of the local economy and massively reduce dependency on central Government. Will he look at that idea as part of his long-term review?

Mr Pickles: The Government are clearly looking to ensure that local authorities get the benefit of the economic decisions that they take. The key to that is the localisation of business rates. Clearly, were we to apply that to the City of London, it could pave the pavements with gold, so there must be some way of applying that measure to areas that are not as fortunate as, for example, Croydon, but I look forward to my hon. Friend's submissions to the review.

Barbara Keeley (Worsley and Eccles South) (Lab): Good local councils in areas of greatest need use their grant funding effectively to support people with disabilities, people who need care or housing, and children with special educational needs. Will the Secretary of State therefore tell the House what he is doing to help such

councils beyond imposing the heaviest cuts on them and trying to stigmatise their work with the language of dependency?

Mr Pickles: As the hon. Lady knows, this was to be the year of the big cuts. Had the Labour party won the election, they would have imposed such cuts, and my job as Secretary of State was made considerably easier because I inherited a lot of the plans that Labour had prepared. She will also know that this Government have ensured that the most dependent councils face the smallest cuts, and that we have put in £6.5 million for Supporting People and transferred nearly £1.5 billion from the health service to help to support people. We have protected the vulnerable, and we expect sensible and responsible local authorities to do the same.

Greg Hands (Chelsea and Fulham) (Con): One council radically reducing its dependence on central Government is my council of Hammersmith and Fulham. Thanks to four years of successive council tax reductions, there has been an accumulated saving to the average council tax payer of £1,799. Will the Secretary of State join me in congratulating Hammersmith and Fulham council on reducing its dependence on central Government and delivering exemplary value for money for its local residents?

Mr Pickles: Hammersmith and Fulham council is indeed the apple of my eye. I recall visiting it in opposition and watching that first budget go through. First, the Labour party said that those were ridiculous cuts that would destroy services. Then it said that it would reduce council tax even further, but it ended up abstaining.

Social Home Builds

17. **Heidi Alexander** (Lewisham East) (Lab): How many new social home builds he expects to be started in each year of the comprehensive spending review period. [33561]

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): In the spending review we announced almost £4.5 billion investment in new affordable housing to deliver up to 150,000 affordable homes. We are giving housing associations more flexibility on rents and use of assets, thus increasing their financial capacity, and our aim is to deliver as many homes as possible through our investment and reforms. The actual number of homes started and delivered in each year is dependent on agreements between housing associations and the Homes and Communities Agency in consultation with local authorities.

Heidi Alexander: I congratulate the Minister on his optimism, but I am afraid that I do not share it. In my constituency, the former Catford dog track has lain derelict for the past seven years. It is a site owned by the Homes and Communities Agency and has planning permission for a scheme that includes 313 affordable homes. Given the Minister's stated commitment to affordable housing, will he agree to meet me to discuss options for how we can get appropriate development on this site?

Andrew Stunell: I am certainly happy to meet the hon. Lady to discuss the situation she described. I hope that she will bring the answer to what happened in those seven years.

Duncan Hames (Chippenham) (LD): Our experience in rural Broughton Gifford in my constituency is that a parish council can promote an exception site to use land efficiently to meet local housing need. This was possible under existing legislation, but took several years. How will the Minister's proposals for a community right to build help such enlightened rural parishes?

Andrew Stunell: I thank my hon. Friend for the question. As he will see when he studies the Localism Bill, local communities will have a right to build that will allow them to overstep their local planning system to deliver what they need.

Ms Karen Buck (Westminster North) (Lab): In spring 2008, the Homes and Communities Agency gave the flagship Conservative council of Westminster grants to build 500 new homes. Three years later, significantly fewer than 50 such homes have been built. Will the Minister tell me why?

Andrew Stunell: Clearly, those five years were a time when a Labour Secretary of State was standing at this Dispatch Box.

Unauthorised Developments

18. **Julian Sturdy** (York Outer) (Con): What steps he is taking to strengthen the enforcement of planning decisions in respect of unauthorised developments. [33562]

The Minister of State, Department for Communities and Local Government (Greg Clark): The Localism Bill gives enforcement powers to local councils specifically to prevent people from preventing enforcement against them by applying for retrospective planning applications.

Julian Sturdy: I thank the Minister for his response. Unfortunately, in my constituency the council has become well known for failing to enforce planning conditions. Given that we are encouraging local people to take a greater interest in local matters, does he not agree that local authorities must commit to strict enforcement of planning controls?

Greg Clark: One of the great advantages of localism and the Localism Bill is that it will be crystal clear that local authorities are responsible for these decisions, and I hope that in every part of the country local people, through the ballot box, will bring pressure to bear on councils that fall behind others.

Fire Services (Bassetlaw)

19. **John Mann** (Bassetlaw) (Lab): What assessment he has made of the adequacy of provision of fire services in Misterton, Retford, Harworth and Worksop. [33563]

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): Decisions on the provision of fire services are taken by individual fire and rescue authorities, as part of their integrated risk-management planning process, which assesses and mitigates risks to local communities. No formal assessment of Nottinghamshire fire and rescue authority's local decisions has been made by central Government.

John Mann: The fire service in my area is not adequate; it is excellent. I would therefore like to know why the Minister is cutting the Nottinghamshire fire service budget by so much, thereby endangering those standards of excellence and possibly leaving the people of Retford in my constituency without proper fire cover—cover that they have had for 100 years and that they deserve in the next 100 years.

Robert Neill: Spending for fire and rescue authorities has, in fact, been protected and back-loaded because they are front-line services. Nottinghamshire is making proposals that it intends formally to consult on, I understand, at the end of February. The proper course is for the hon. Gentleman and his constituents to enter that consultation then.

Working Neighbourhoods Fund

20. **Chi Onwurah** (Newcastle upon Tyne Central) (Lab): If he will assess the likely effect on vulnerable people in Newcastle upon Tyne Central constituency of the end of the working neighbourhoods fund. [33564]

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): An equality impact assessment on the completion of the working neighbourhoods fund has been carried out and published on the Department's website.

Chi Onwurah: The Minister's answer gives me no assurance whatsoever. The working neighbourhoods fund funds a project in my constituency called Newcastle Futures, which has supported more than 6,000 people into work and training since it was set up in 2007. That is 6,000 lives changed for the better. Now Newcastle Futures fears for its future. What assurance can the Minister give that such important projects will continue to support people into work and training?

Andrew Stunell: For every pound going to the richest authority, £4.80 goes to Newcastle. It is for Newcastle to take those decisions. However, I also want to draw the hon. Lady's attention to last week's announcement about the formation of the local enterprise partnership, which covers Newcastle and provides the authority with a chance of accessing regeneration funding.

Topical Questions

T1. [33570] **Margot James** (Stourbridge) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Communities and Local Government (Mr Eric Pickles): Since we last met for oral questions, my Department has introduced new powers to protect community pubs, supported local high streets by scrapping Labour's petty Whitehall parking rules, championed human rights by reining back on draconian powers to seize private property, and given councils an incentive to put empty homes back into productive use. Today we move forward with the Localism Bill, which will scale back England's over-centralised state and deliver devolution for the people, giving power to local councils, communities and local people. Other items were contained in a written statement that was laid before the House last week.

Margot James: My local authority, Dudley council, received notification last week that existing projects financed by private finance initiative credits will no longer be allowed to access that funding stream. In our case, that amounts to a sudden cut in funding—£10 million over the next decade—for an important information and communications technology programme in 120 schools. Will the Minister meet me and representatives of my local authority urgently to discuss the matter?

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): I can confirm the message that I left with my hon. Friend's office at the end of last week: I am very happy to meet her as a matter of urgency to discuss the matter.

T3. [33572] **Grahame M. Morris** (Easington) (Lab): On his recent visit to the north-east, the Prime Minister claimed that his West Oxfordshire council was facing much higher cuts—23% over two years—than anywhere in the north-east. However, that cut of 23% amounts to £775,000. In comparison, Durham county council, which covers my area, is facing cuts of more than £60 million—that is, £28 million in formula grant, plus £32 million in area-based grant. Will the Secretary of State accept that my constituents will struggle to understand this particular concept of fairness, and that, regardless of percentages—

Mr Speaker: Order. Let me gently say to the hon. Gentleman that I think we have got the thrust of it, and topicals need to be brief.

Mr Pickles: I do not know whether the hon. Gentleman gets out much, but West Oxfordshire is a very small place, and Durham is a lot bigger. Durham has reserves of just short of £93 million, and it receives formula grant at £459 per head, a sum that the people of West Oxfordshire can only dream of.

T2. [33571] **Mr Dominic Raab** (Esher and Walton) (Con): Last year, London Councils spoke for many when it said that Labour's local funding formula

"lacks transparency and is inherently unstable and unpredictable, generating fluctuations...that defy logic."

Will my right hon. Friend review that formula and base it on real need, so that more taxpayers get what they pay for?

Mr Pickles: It is certainly our intention to review the formula and to try to place it on a fair basis. When I had the opportunity of dealing with it, one of the relatively small things I was able to do was to move the relative needs component up to 83% from 73%. That is why the settlement has been so progressive this time.

T4. [33573] **Simon Danczuk** (Rochdale) (Lab): The Save Spodden Valley campaign in Rochdale has spent the past six years fighting a planning application to build 600 homes on the former site of the world's largest asbestos factory. Last week, the council rejected the application, not least because of Save Spodden Valley's excellent campaigning, to which I pay tribute. Given that planning aid is to lose Government grant, is the Minister confident that local groups will be able to stand up to multi-million pound planning applications on their own?

The Minister of State, Department for Communities and Local Government (Greg Clark): I have good news for the hon. Gentleman. The Localism Bill, which we will debate this afternoon, will give the power to local communities such as his own not to have to be dragged through the appeals system in the way that he has described, but to say once and for all how they want their communities to look and feel. I look forward to welcoming him into the Lobby this evening.

T6. [33575] **Elizabeth Truss** (South West Norfolk) (Con): Does the Secretary of State agree that the final decision on major infrastructure projects should be a political one, and not one made by an unelected quango? Given that Britain is 33rd in the world in terms of infrastructure, according to the World Economic Forum, does he agree that he should make it a priority to discuss this matter with other Cabinet members?

Greg Clark: We will do more than discuss it; we are going to act on this. It is important that we have a fast-track process for infrastructure investment, but it is also crucial that it is democratic. If people do not have confidence that those who take the decisions can be held to account, there will be no faith in the system. The Localism Bill will deliver the reforms that my hon. Friend seeks.

T5. [33574] **John Mann** (Bassetlaw) (Lab): In defining localism, if the Secretary of State were to get a planning application appeal on his desk regarding a development that 12,000 local people were in favour of and that would create lots of jobs, and that only two people, and the Tory council, were against, which side would he be on?

Mr Pickles: When we judge these matters, we judge them in a quasi-judicial way. We will always be blind to political advantage, and we will do what the evidence suggests.

T8. [33577] **Duncan Hames** (Chippenham) (LD): The interim report of the Zero Carbon Hub suggests that achieving zero-carbon homes by 2016 will depend on what it calls "allowable solutions", potentially off-site. How will the Minister ensure that such measures are local and tangible, and therefore more credible than existing offers for carbon offsetting?

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): Ensuring that our homes are zero carbon is a fundamental part of what the coalition agreement asks us to do, and this Department is strongly committed to that. My hon. Friend makes an important point, and the Housing Minister has made it clear that we are going to make detailed proposals shortly.

T7. [33576] **Tony Lloyd** (Manchester Central) (Lab): The chief executive of Barnardo's has warned about young people being groomed in every town and city. Given the cutbacks in policing services and the cuts in local government that will impact on children and young people's services, can any Minister stand at the Dispatch Box with his hand on his heart and say that that apprehension will now be eased?

Mr Pickles: I certainly hope that that will be the case, because that kind of behaviour is wholly unacceptable, and I am sure that Members on both sides of the House have been shocked to hear of that process. However, given that the hon. Gentleman's local authority has £108 million in reserve and receives £714 per head, while areas such as Surrey receive £170, it should be in a very good position to prioritise such matters.

T9. [33578] **Mr Philip Hollobone** (Kettering) (Con): The Department for Transport has established that where lower tier authorities provide additional funds for concessionary travel, this amounts on average to 12%, yet the Department for Communities and Local Government budget proposals seize all that money and redistribute it to upper tier authorities. Will the Minister agree to meet Kettering borough council, of which I am a member, to discuss how this serious mistake can be corrected?

Mr Pickles: Of course we will meet Kettering borough council. The closing date for consideration of evidence is today, but I believe that Kettering has submitted evidence. We, of course, will look very carefully at any evidence of statistical mistakes that might have been made.

Mr David Hanson (Delyn) (Lab): Given that the Secretary of State faces a massive cut in his budget and is devolving issues down through his Localism Bill, how many of his six Ministers does he expect to make redundant?

Mr Pickles: We are in the process of making the Department smaller by reducing the number of director-generals, directors and assistant directors. As time goes on, it is certainly our intention to get smaller.

T10. [33579] **Mr David Evennett** (Bexleyheath and Crayford) (Con): We heard earlier that the levels of house building in the last year of the last Labour Government were the lowest since 1924, which is a disgrace. How will the Minister reverse that trend and ensure that house building increases adequately to meet the demand, particularly for social and affordable housing?

The Minister for Housing and Local Government (Grant Shapps): My hon. Friend is absolutely right: that low record of house building was a disgrace. We need to do a range of different things, starting with the new homes bonus, followed by ensuring that there is affordable rent, that affordable homes are built, and that the planning system is liberated. There are also many measures in the Localism Bill, which we are debating later today.

A whole raft of things needs to be done to get the situation fully under control. We look forward to the Opposition's support for making that happen.

Fiona Mactaggart (Slough) (Lab): A theme of Ministers' answers has been the differential between the grants of different local authorities, with poorer authorities getting more than prosperous authorities. Is it a higher priority for Ministers to equalise those grants or to get rid of the inequality that has given rise to higher grants going to poorer areas?

Mr Pickles: We have increased equalisation. We have done three things. We changed the relative needs component from 73% to 83%; we introduced banded floors so that wealthier authorities have a greater percentage cut; and for those falling outside that, we introduced transitional relief. A new form of local government finance should, I think, start to concentrate on those areas of higher dependency, as far as the central grant is concerned, so that we can get them out of that dependency, increase growth and increase prosperity.

Greg Mulholland (Leeds North West) (LD): It remains a scandal that a loophole in planning law allows a freestanding pub or other community facility to be demolished without planning permission, thereby denying the community any say whatsoever. May I ask my hon. Friend the new community and pubs Minister if the Government are minded to support the Protection of Local Services (Planning) Bill on Friday or will they incorporate it into the Localism Bill instead?

Robert Neill: I am grateful to my hon. Friend for his congratulations on this interesting addition to my responsibilities. I am discussing with the Bill's sponsor the best means by which to collaborate sensibly to achieve the objectives of protecting important local services such as community pubs.

Paul Goggins (Wythenshawe and Sale East) (Lab): I am sure that the Secretary of State would acknowledge that under successive Governments Manchester has proved to be a resilient and successful city. Even so, it faces higher than average levels of unemployment. What possible justification does he have or can he offer for axing the £7.7 million working neighbourhoods fund and giving that money to parts of the country that already have relatively high levels of employment?

Mr Pickles: We did not axe it; the previous Labour Government axed it, and I do not recall the right hon. Gentleman raising a single objection to it.

Karen Bradley (Staffordshire Moorlands) (Con): Staffordshire Moorlands district council has entered into an arrangement with neighbouring High Peak borough council to share management services. Does the Secretary of State agree that innovations like these can help save taxpayers money while protecting front-line services?

Grant Shapps: I congratulate my hon. Friend's local authority. Sharing services is surely the way forward. Nowadays there is no real excuse for having separate management teams, separate chief executives and expensive, well-paid officers to fill every position. Sharing can prevent the cuts from falling on the most vulnerable and needy members of society, and I congratulate my hon. Friend's local authority on doing exactly that.

Joan Walley (Stoke-on-Trent North) (Lab): Given that today is the last day for representations to be made in the formal consultation on the grant settlement for local authorities, will the Minister assure me that he will take seriously the representations from Stoke-on-Trent and its Members of Parliament during our welcome meeting with him last week? We cannot afford these cuts.

Andrew Stunell: I thank the hon. Lady and her colleagues from Stoke-on-Trent who came to see me last week. I assure her that her words and theirs were clearly heard, and that they will be taken into account along with all the other representations that we have received.

Andrew Bridgen (North West Leicestershire) (Con): Authorities such as Manchester city council, run by Labour, are publicising front-line job cuts while retaining their Twitter tsars. Meanwhile, other local authorities, such as Leicestershire county council and North West Leicestershire district council, are being diligent. They have cut their management, protected front-line services, and kept council tax low. Is it right for such diligent local authorities to be punished in the next spending round because of the profligacy of councils run by the Labour party?

Grant Shapps: My hon. Friend is right. It is for local authorities to work out where to make their savings. I should add for the record that it is not clear whether the Twitter tsar was eventually employed, although the post was certainly advertised. I should also point out that when authorities talk of job reductions, we do not know whether they are including positions that were already vacant.

Gloria De Piero (Ashfield) (Lab): Last year the Prime Minister asked local authorities not to do the easy thing by cutting the budgets of voluntary bodies, but week after week representatives of such organisations come to my surgery and tell me that their budgets have been slashed and that they cannot continue to do their work. Does the Secretary of State share my concern about Nottinghamshire county council's failure to heed the Prime Minister's advice?

Greg Clark: The average cut in the spending power of councils is 4.4%, so there is no excuse for any council to target the voluntary sector disproportionately. I hope that Opposition Front Benchers will be as clear as Ministers in condemning such behaviour.

Simon Hughes (Bermondsey and Old Southwark) (LD): When Ministers consider representations about varying the provisional spending formula for councils, will they take seriously three issues above all: the effect of front-loading the settlement, the effect of any staff costs resulting from the settlement on councils without many reserves, and the need to ensure that the population figures are accurate and up to date?

Mr Pickles: We will use the most up-to-date information we have. I take the right hon. Gentleman's point about front-loading; we did much to mitigate its main impacts

in the settlement. We are continuing to examine all aspects of the settlement, and we will of course ensure that the most vulnerable are protected in the process.

Clive Efford (Eltham) (Lab): In answer to an earlier question, the Secretary of State said that he looked forward to a time when local authorities would be able to retain business rates raised in their areas. With that in mind, can he tell us what proportion of the money distributed to authorities through formula grant is raised through business rates?

Mr Pickles: Virtually all equalisation comes from business rates. The hon. Gentleman raises an important point and we will consider it carefully, but before we can move to a system of that kind we must be able to offer a degree of stability. Business rates are notorious for their movements during the economic cycle.

Mary Macleod (Brentford and Isleworth) (Con): Given that three London councils are coming together to share some of their services, what advice would the Secretary of State give the London borough of Hounslow to stop it cutting front-line services?

Mr Pickles: It should seek to emulate those fine councils Hammersmith and Fulham, Westminster, and Kensington and Chelsea. It should join others in protecting the front line, and stop using the poor as a battering ram against the Government.

Several hon. Members *rose*

Mr Speaker: Order. As ever, the Secretary of State is heavily in demand, but I am afraid that time is our enemy. We must move on.

Tunisia

3.34 pm

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab) *(Urgent Question)*: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on Tunisia and the Government's assistance to British nationals.

The Minister for Europe (Mr David Lidington): I welcome this opportunity to update the House on recent events in Tunisia and on what is being done to assist British nationals there.

The House will be aware that, following a month of protests over Government corruption and the lack of political and economic reform, a state of emergency was declared and President Ben Ali left Tunisia for Saudi Arabia. I hope that the House will join me in expressing our sympathy to all those whose friends and relatives have been killed or injured in the disturbances.

The Speaker of the Tunisian House of Deputies, Fouad Mebazaa, has been appointed interim President in line with the constitution, and he has asked Prime Minister Mohammed Ghannouchi to form a Government of national unity. Talks continue with opposition parties and with civil society to try to agree a way forward, and we hope that there will be an announcement on the new Government later today.

When the situation deteriorated, an estimated 5,000 British nationals were in Tunisia, most of them tourists on package holidays. We changed our travel advice to "all but essential travel" on 14 January, since when more than 3,000 British citizens have left Tunisia; many of them were able to leave on additional flights laid on thanks to the swift response of tour operators, and we believe that approximately 1,000 British nationals now remain in Tunisia. That number is largely made up of long-term residents, as well as dual nationals and some independent travellers. Many of those still in Tunisia do not wish to leave and have told our consular staff that.

Despite exceptionally challenging conditions, the embassy is working to help to resolve the crisis and to provide support to British nationals in Tunisia. We have sent a six-person rapid deployment team from London and two members of staff from elsewhere in the region to reinforce embassy staff in Tunis and to provide constant consular assistance. We have established a 24-hour hotline in Tunisia and in London that people can ring for help and advice, and we have staff at Tunis airport who are liaising with airlines and seeking to help British travellers with medical, passport and other consular issues.

Our embassy staff remain in regular contact with our network of wardens across Tunisia, better to understand the evolving picture around the country and keep those British citizens that we are aware of informed of updates as the situation evolves. We are keeping those British nationals who have registered on LOCATE updated on developments through regular e-mails.

I spoke to our ambassador in Tunis earlier this afternoon. He informed me that his staff are now receiving very few consular calls, and those who are calling are mostly asking for updates on the security situation. We continue to advise against all non-essential travel to Tunisia. We advise anyone in the country who does not have a pressing need to be there to leave by commercial means. The airports are operating, and airlines are flying into and out of Tunisia. Those who are still in the country should respect advice or instructions given by the local security authorities and tour operators and avoid rallies and demonstrations. There is no indication that British nationals are being targeted by looters or rioters, but given the unpredictability of the situation there is always the chance of their being caught up in incidental violence, and our advice is that if any British citizen is in doubt about the safety of his or her location they should stay in their accommodation.

At the political level, my right hon. Friend the Foreign Secretary has been working with partners, including especially those in the European Union, to promote a peaceful outcome and longer-term political reform. As soon as possible, we will be seeking to engage the Tunisian authorities to help with this. We encourage all involved to do what they can to restore law and order, and we call for the full inclusion of all legal political parties in the formation of an interim Government.

The change in Tunisia in the past few days has been profound, but it is not yet the political reform that many Tunisians hope for. The authorities should not ignore the voice of the Tunisian people. The British Government will work with partners to try to ensure an orderly move towards free and fair elections and an expansion of political freedom in Tunisia. There were extended EU discussions on Friday. We have been calling for a speedy and substantial offer of EU support to underpin the move to free and fair elections, which will be critical in re-establishing calm and security in the country.

Today, the High Representative, Baroness Ashton, has issued a statement, saying:

> "The EU stands ready to provide immediate assistance to prepare and organise the electoral process and lasting support to a genuine democratic transition."

We shall continue to provide the help and advice that British nationals need and expect, and to engage with and support Tunisia, as it works for peace and security.

Yvette Cooper: I thank the Minister for his statement and join him in expressing condolences to those who have lost family or friends in these difficult circumstances. Even after President Ben Ali's departure, which brings to an end a repressive regime, the situation in Tunisia remains tense and uncertain, with prospects for only a fragile interim Government; outbreaks of looting are taking place, alongside continued legitimate protests.

May I ask the Minister about consular support and future Government policy on Tunisia? The Opposition welcome the considerable work done by many of the tour operators to evacuate thousands of people over the weekend. However, I am concerned that the Government were slow off the mark in responding to this situation. On Friday, the Minister responsible for consular policy told the BBC that

> "We are not at that moment advising that people make an effort to leave Tunisia."

Yet a state of emergency was announced that afternoon, following seven days of violence, and tour operators were already bringing British nationals back to the UK. The Foreign and Commonwealth Office did not publicly change its travel advice until Saturday, and the rapid deployment team did not leave the UK until Sunday. British holidaymakers in Tunisia were put in a very confusing and alarming position. They were told by

Ministers that they did not need to leave, just as their holiday reps were telling them that there would be emergency evacuations. Does he agree that the Government were too slow to act?

How many British nationals does the Minister believe will still be in Tunisia following today's flights? Is he confident that sufficient help is in place for independent travellers who wish to return and still need assistance? He will be aware that British Airways has advised its customers that the next return flight to the UK is not until Wednesday, so will he join me in urging BA to provide additional capacity for its passengers tonight or tomorrow? Many tour operators are not yet offering refunds or alternative holidays for people who were due to travel to Tunisia after Wednesday this week. If it is too dangerous to travel there, it is surely unfair to expect holidaymakers to cancel and incur the full financial cost, so I urge tour operators to extend the scope of their refund offers. May I ask the Minister to meet major tour operators to deal with this crucial issue?

Finally, on the Government's approach to the broader situation, will the Minister tell us whether the Foreign Secretary has spoken to the interim Prime Minister? The ending of the authoritarian regime must be a turning point for a country that, for too long, was under a repressive Administration that denied the Tunisian people their basic democratic freedoms and economic opportunities. I agree with many of the Minister's points about the importance of Tunisia having free, fair and democratic elections to establish a sustainable and legitimate Government, and I welcome the work being done in the EU. Will he continue to press the EU to support elections, including with possible election observers and practical assistance? The Government have been slow off the mark this week, but we look forward to their being swifter in their response in future.

Mr Lidington: The fact that the great majority of British citizens in Tunisia have been able to leave swiftly, with consular support and advice, indicates that the Government's response has not been lax in the way the right hon. Lady describes. Clearly, as with any such event that makes sudden demands on our consular services, we will examine any lessons that need to be learned from this episode, but I am sure that she will want to join me in recognising the work and commitment of consular staff, both those UK-based and those locally recruited and working in our embassy in Tunis.

The right hon. Lady asks how many British citizens are still in Tunisia, and our best estimate is about 1,000. One thing that our network of wardens will be doing is trying to find out, by making contact with expatriates and dual nationals in particular, exactly what the remaining numbers are and how many wish to leave. I have been advised by the embassy in the past couple of hours that some holidaymakers are telling us that they would prefer to stay in Tunis to see whether there is a chance of resuming their holiday, in the hope that things calm down there.

I would welcome British Airways or other airlines making additional provision to bring back independent travellers, but that is a commercial matter for them. So, too, are the relationships between customers and tour operators regarding possible refunds for holidays that have had to be cut short or cancelled. As the right hon. Lady and I both know, most decent travel insurance policies will have a clause that provides for reimbursement in the case of such an event. I am sure that those companies will be in touch with their customers as soon as possible to try to reach amicable outcomes. My colleagues in the Department for Transport are in frequent touch with the travel industry, but such matters are best addressed, if possible, between companies and their individual customers.

I should add that we are actively working with the Ministry of Defence on contingency plans should an evacuation of British nationals be needed. At the moment, our judgment is that that is not necessary, but I want to reassure the right hon. Lady and the House that we are not simply sitting back and assuming that things will improve. We have contingency plans in place should matters get considerably worse.

Finally, my right hon. Friend the Foreign Secretary hopes to speak to the interim leadership of Tunisia as soon as possible. I am sure that the right hon. Lady will understand that the leadership's first priority is to try to set up the much-needed Government of national unity. I hope that it is successful in that endeavour.

Conor Burns (Bournemouth West) (Con): I was in Tunisia just a few days before this latest outbreak of violence. A constant theme when I talked to people there was the dreadful state of their economy and, above all, the massive unemployment among graduates, particularly among female graduates. Does the Minister agree that if we achieve political stabilisation one of the greatest contributions the United Kingdom and other EU member states can make is to grow trade with Tunisia and improve prosperity for the people, who are in dire need?

Mr Lidington: My hon. Friend identifies an important problem that faces not only Tunisia but many other countries in north Africa and the middle east: the dismayingly high and enduring unemployment among young people. The problem is made even starker when we consider that young people under 26 or under 30 make up, in most cases, about 60% of the population of those countries. Trade and investment are an important way of giving people in those countries hope of a better future, but investment and trade will be more likely if business has confidence that the rule of law and political stability apply. I think that reforms to governance, greater political freedom and an independent system of courts and judiciary go hand in hand with the economic reforms and improvements that my hon. Friend seeks.

Jeremy Corbyn (Islington North) (Lab): Does the Minister agree that although the toxic combination of high unemployment and corruption brought about the huge demonstrations and the downfall of the President, at the same time the World Bank and International Monetary Fund supported and approved of the economic strategy adopted by Tunisia? Is it not time to recognise that these tired old models create awful problems for young people, leaving them unemployed and leading hopeless lives? Does the Minister not recognise that there must be some change in economic thinking?

Mr Lidington: There must be sensible economic and political reforms, so that those millions of young people feel that they can have a say in how the society in which

[Mr Lidington]

they live develops and is shaped. That is why the European Union's assistance for Tunisia is, for the most part, assistance with reform, particularly the reform of governance. It is also why the British Government have established a human development fund, which will seek to assist those sovereign countries—we cannot just go and tell them how to organise their affairs—the stability of which we want to continue, to engage in the reforms that will make them more stable societies in the longer term.

Jo Swinson (East Dunbartonshire) (LD): I strongly welcome the work being done by Foreign Office officials to support British nationals in Tunisia, but it is not the only middle eastern country that faces rising food prices, high unemployment, corruption and questionable levels of political freedom and human rights. What preparations and contingency plans are our embassies in other middle eastern countries putting in place to make sure that they can provide swift support to UK nationals should the protest and unrest spread to other countries?

Mr Lidington: We have contingency plans in London for the rapid deployment of additional staff in the event of exceptional and urgent need for consular services anywhere in the world, not just in the middle east. I would not like to speculate on where the next demand on our consular services might come; it might be from some other part of the world entirely.

Tony Lloyd (Manchester Central) (Lab): The Minister rightly talks about immediate need, particularly with English nationals being over there, and in the longer run Britain and the European Union certainly have no interest in an unstable Tunisia. In that context, will he make it quite clear that the EU will support the process of establishing a free and fair election and will make sure that monitors are available from within the European Union to guarantee that not only the world but the people of Tunisia know that the elections are free and fair?

Mr Lidington: The hon. Gentleman, who speaks with considerable experience of election-monitoring work, is right. My right hon. Friend the Foreign Secretary has discussed this very issue with the French Foreign Minister in the past couple of days, and our Government and other European Governments have been making that point to Baroness Ashton and her team. When the hon. Gentleman reads her statement, he will see that one thing she is offering is robust EU support for election-monitoring work.

Dr Andrew Murrison (South West Wiltshire) (Con): It is very clear that al-Qaeda in the Islamic Maghreb and similar organisations are attempting to capitalise on the current situation. What assessment has the Minister made of that and of any potential threat to the United Kingdom, given the porous nature of our borders with Europe and the clear and present danger posed particularly to France, Spain and Italy?

Mr Lidington: The advice that I have received to date is that there is no evidence that extreme groups that are linked to or similar to al-Qaeda have played a significant part in the uprising inside Tunisia. Nevertheless, my hon. Friend is right to say that we need to be on our guard against the spread of extremism and terrorism throughout the entire Maghreb. That is yet another reason why we should support reforms, ensuring enduring political stability in those countries in the future and that people in those countries do not believe they should turn to terrorism because they have no other way of seeking to change the society in which they live.

Chris Bryant (Rhondda) (Lab): The Minister will know that for the past 10 years leaders at EU Council meetings have banged on and on about the Maghreb but done absolutely nothing to make sure that there is economic stability and democratic advance in any of those countries. Will he go back to the next Foreign Affairs Council of the EU and say that it is time that we met our commitments from 10 years ago in relation to some of those countries? Otherwise, the future will be no better than the past few weeks.

Mr Lidington: The hon. Gentleman is right to imply that the relationships with the Mediterranean governed by the Lisbon process and the Union for the Mediterranean have not delivered the positive results we all hoped for. My right hon. Friend the Foreign Secretary and I will certainly want to highlight, at the next Foreign Affairs Council, the need to learn lessons from this experience with Tunisia and the need for Europe to get its act together more effectively in terms of its relationships with our southern neighbours.

Robert Halfon (Harlow) (Con): Is there not still a danger that Tunisia will move out of the frying pan of dictatorship and into the fire of Islamism? What specific steps are the Government taking to ensure that al-Qaeda and Islamists do not step in to fill the vacuum?

Mr Lidington: As I said earlier, the advice that I have received up to now is that the risk of violent extremism to which my hon. Friend refers is not as great as has been made out in some parts of the media. It is much more an uprising by people who have been frustrated by many years of political repression and whose feelings have been aggravated by economic hardship. Nevertheless, I assure him that the British Government will be alert to any risk that extremist groups could try to seize an advantage from what has happened in Tunisia, and we will take whatever steps we can to ensure that they are unable to do so.

Keith Vaz (Leicester East) (Lab): I thank the Minister for the reassurance that he has given about constituents who are in Tunisia and welcome the fact that he has emphasised the EU. Tunisia, of course, is part of the EUROMED process, and a number of projects have been sanctioned by the EU concerning migration, development and policing. As the hon. Member for Bournemouth West (Conor Burns) said, we might be unable to resolve the current issues there, but can we be ready with plan B, so that we can continue with those initiatives, which are important to the whole of the north Africa rim?

Mr Lidington: The right hon. Gentleman is correct to say that those are important issues not only for Tunisia, but for every country along the north African coast.

Certainly, when I have talked with ambassadors from those countries in London, they have expressed concern about the risk that not only extremist groups, but those involved in people trafficking, drug trafficking and other forms of organised crime might use their territories as through-routes to try to penetrate Europe. We want to work with those countries, which are independent sovereign states, to ensure that they are able to improve their governance in the way the right hon. Gentleman describes. It is in the interests of Europe and of those north African countries that they are able to do so and move forward on the basis of greater respect for human rights and enduring political reforms.

Mr Matthew Offord (Hendon) (Con): Does the Minister agree that when such situations arise, organisations such as the BBC speculating about which country will be next to fall is not only unhelpful to the status of the Government and of Parliament, but concerning to people in those countries and their families here at home?

Mr Lidington: I have taken great care to try not to engage in such speculation today, but we live in a country in which the broadcast media and the press are free to express their opinions and to speculate. That is part of being in a free society.

Bob Blackman (Harrow East) (Con): I congratulate the Minister on his considered response to the emerging crisis in Tunisia. Clearly, a large number of British nationals are still there, and a large number of British nationals in this country will have relatives, property, assets or businesses there, so what advice and help is the Foreign and Commonwealth Office giving them on the protection of their businesses and relatives?

Mr Lidington: I would advise anyone with such concerns to contact the Foreign Office helpline, in either Tunisia or London as most appropriate, and we will then seek to provide what support we can from either our embassy in Tunis or through our network of wardens around the country.

Richard Fuller (Bedford) (Con): Many in the House would like to express their sympathy to those in Tunisia who took to the streets and, as they reached for freedom, paid the ultimate price. Does my right hon. Friend agree that the right way to stop the violence, to push back against al-Qaeda and to create the basis for stability and elections is to support the interim Government behind Prime Minister Ghannouchi? Will my right hon. Friend use his office to persuade those in Arab states to lend their support to this change as well?

Mr Lidington: The last point that my hon. Friend made was a particularly good one—that it is important that other Arab countries row in and support the new Tunisian Government when one is formed. The most important thing, though, is that a Government of national unity can be put together who genuinely command widespread support among the Tunisian people and among civil society in that country. That offers the hope of a breathing space and a measure of peace which can provide the basis on which to move forward towards free and fair elections and longer-lasting political reforms.

Neil Carmichael (Stroud) (Con): I congratulate the Minister on presiding over such a swift response to the crisis. May I embellish the question about other Arab states? Will my right hon. Friend and his colleagues encourage other European countries to help in a project to encourage good governance in those states?

Mr Lidington: The European Union has relationships with a number of Arab states, both in north Africa and in the Levant, which feature discussions about human rights, the rule of law and democratic reform. I agree that we need to intensify those discussions. All those countries are sovereign states. They will want reforms that are true to their own traditions, histories and ways of life, but it is in the interests of all that they are able to bring forward reforms that satisfy the aspirations of their own people. That is what our bilateral human development fund is intended to do, and it is important, too, that European Union effort is carefully designed to meet the objective that my hon. Friend describes.

Point of Order

4.2 pm

Paul Flynn (Newport West) (Lab): On a point of order, Mr Speaker. Twenty questions were called today at oral questions. Last Monday 23 questions were called. It is now commonplace at business questions for all those standing to be called; that was once a rarity. As there has been a huge increase in the past 12 months in the number of urgent questions, topical questions, oral questions and business questions that are dealt with, is it not right that we should ask the Procedure Committee to examine why that has happened and why Back Benchers' opportunities for holding the Executive to account have been greatly multiplied, so that we can have a report, and so that we can ensure that this process continues and express our gratitude to the persons or person responsible?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. It is, of course, not a matter for me specifically to request the Procedure Committee to conduct an inquiry. It is entirely open to the hon. Gentleman who, as I have remarked before, is the author of a well-read tome on how to be a Back Bencher, to make that request of the right hon. Member for East Yorkshire (Mr Knight). I note with interest and appreciation the observations that the hon. Gentleman has just made.

Localism Bill

Second Reading

Mr Speaker: I have selected the amendment in the name of the Leader of the Opposition.

4.3 pm

The Secretary of State for Communities and Local Government (Mr Eric Pickles): I beg to move, That the Bill be now read a Second time.

I am glad to see the right hon. Member for Don Valley (Caroline Flint) in her place. Had she not arrived, I might have raised a point of order myself to allow her to get here.

The present situation is not Labour's fault. I do not blame the Opposition for the excessive centralisation that has come to characterise government in this country. Command and control is, of course, naturally appealing to the Opposition, but in fairness, they only accelerated an existing trend. If they boarded the moving train of centralism, there cannot be any doubt that they drove it to its terminus: grand centralist station. So the Labour party is not entirely to blame; it is just mostly to blame.

The Bill will reverse the centralist creep of decades and replace it with local control. It is a triumph for democracy over bureaucracy. It will fundamentally shake up the balance of power in this country, revitalising local democracy and putting power back where it belongs, in the hands of the people. For years, Ministers sat in their Departments hoarding power like misers. Occasionally, grudgingly and with deep resentment, they might have loosened their grip on the reins of power, only to tighten it almost immediately. Uniquely, they managed to fulfil the wildest dreams of both Sir Humphrey Appleby and Mr Joseph Stalin. That strangled the life out of local government, so councils can barely get themselves a cup of tea without asking permission. It forced a central blueprint on everything from local public services to housing and planning, regardless of what local people want or need. It left councillors hamstrung, front-line public servants frustrated and residents out in the cold.

The reasoned amendment owes much to the pragmatism of St Augustine: "Oh Lord, make me a localist—but not just yet." Preserve us from the wickedness of delegated powers. Yet, as I said earlier today to the hon. Member for Sheffield South East (Mr Betts), I do not recall those concerns being raised by the current Opposition during the passage of the Local Government and Public Involvement in Health Act 2007, which in a mere 176 clauses, contained 86 delegated powers. The number of such powers in this Bill is, therefore, entirely the norm and entirely in keeping with the way in which legislation has been put together, with one important difference: this is a deregulating Bill.

Sir Paul Beresford (Mole Valley) (Con): I hope that my right hon. Friend does not miss the opportunity to mention the great pilot of centralisation, John, now Lord, Prescott, who, in moving from the social status of waiter to that of a passenger on cruise ships, was so damaging to local government.

Mr Pickles: I have to say that I have great affection for Lord Prescott, and I am particularly enjoying his current advocacy of insurance on television.

The Bill is based on a simple premise: we must trust the people who elect us and we must ensure that we trust them to make the right decision for their area. To misquote Clint Eastwood: "A Government needs to know its limitations." We do not have all the answers but we have to have the courage to encourage local solutions. The Bill is made up of four main elements: London governance, planning, localism and housing. The London element is relatively straightforward and redistributes power away from quangos and back to elected officials and communities. The settlement has been agreed by the Mayor of London, the London assembly and the boroughs, and it is based on consensus across the political parties. I would like to pay tribute to the constructive way in which the Mayor, the assembly and the London boroughs, regardless of their political persuasion, have worked together on these arrangements.

Toby Perkins (Chesterfield) (Lab): If this is all about giving away powers from Whitehall, why does the Bill transfer 126 new powers to the Secretary of State?

Mr Pickles: I do not know whether the hon. Gentleman was distracted by something in the Chamber more interesting than my speech, but I have already dealt with that. I politely pointed out that in previous, much smaller Bills introduced when the Labour party was running these matters, the proportion of delegated legislation was much higher. I am here to be helpful.

Simon Hughes (Bermondsey and Old Southwark) (LD): As a London Member of Parliament, I welcome the part of the Bill that delegates considerable extra powers to London government across the board. We tried to bring in many of these things during the passage of the Bill that set up the Greater London authority in the first place. Will the Secretary of State continue, over the course of this Parliament, to take the attitude that, where possible, we can continue to devolve power both to regional government, which is what the GLA is, and to local government?

Mr Pickles: I wish that my right hon. Friend had not used the R-word, but it is certainly my intention that this is part of a continuous process of devolution. He is quite right. There was a lot of cynical suggestion that the London councils and the Mayor would not be able to reach an agreement, and it is to their credit that they have managed to do so.

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): Will the Secretary of State give way?

Mr Pickles: Of course I give way to the distinguished gentleman.

Mr Raynsford: As I understand it, the Secretary of State's chief argument in favour of the Bill is that local people should be free to determine how they receive services within their own area. Does he believe that the frequency and arrangement of refuse collection services should be left entirely to local decision, or might he occasionally be tempted to intervene in this?

Mr Pickles: Of course refuse collection is a matter for local people. We have ended Labour's bin taxes, and there will no longer be an incentive to have a fortnightly collection. If, on that basis, councils want to continue to have fortnightly collections, then good luck to them in facing their electorates. I pay tribute to the right hon. Gentleman, who is in some ways my hero—I am sorely tempted to take down one of my pictures of John Wayne and replace it with one of him—because he is an example of someone who had enormous vitality and ideas regarding the finance of local government and was continually ignored by his own side. I hope to take up the baton that he so sadly dropped.

Mr Edward Leigh (Gainsborough) (Con): Within the ethos and context of localism, how are we going to deal with the scandal of 129 local government executives earning more than the Prime Minister? Perhaps they should have to go back to their local people and ask permission before they are paid such outrageous salaries.

Mr Pickles: My hon. Friend makes a very moderate and reasonable point. I have suggested to chief executives that in order to demonstrate that they are on the side of the workers, they should take a 10% cut if they are earning more than £200,000 and a 5% cut if they are earning more than £150,000. In future, under this Bill, such remunerations will not be arrived at through cosy little deals between the leader and the applicant but must come before the full council, which will have to endorse them. I am pretty sure that common sense will rear its head and we will no longer see this ridiculous creep in the sums of money for chief executives, who will be more cognisant of their responsibilities.

Councils have been drowning in red tape and rules and paralysed by a culture of centralism. Those that want to break the mould and innovate continually run the risk of legal challenge. The Bill will restore town halls to their former glory. There was a time when local councils really were the centre of a community—when the local councillor was revered and honoured as a local person of importance and local government got things done, improved public health, cut poverty and ended slum housing. That is the sort of courage and ambition that we need in councils today.

Bob Russell (Colchester) (LD): I am grateful to my right hon. Friend for his generous comments about local councillors. I am sure that they apply to councillors of all political persuasions. My experience is that councillors want to be involved. Does he agree that one way of involving them is to encourage the abolition of the cabinet system in local government?

Mr Pickles: The cabinet system has many advantages, but it means that a number of councillors are denied the opportunity to be involved. We do not take a strong view on that matter, but the Bill will enable councils to go back to the committee system if they want to do so.

The Bill will give councils the powers and authority that they need. It will be a shot in the arm for local democracy. It will give councils a general power of competence. That is probably the single most important item in the Bill. It will turn convention on its head. It differs from a general power of well-being in one vital respect: instead of local authorities having to find a

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statute that allows them to act, the fun-loving legal advisers will have to find a statute that prevents them from taking action.

We know that the Labour party considered a general power of competence, so what held them back? Apparently, the right hon. Member for Blackburn (Mr Straw) once argued that councils should not be allowed a general power because it would allow Islington to build a nuclear bomb. He is a much-respected Member of the House and his worries should be taken seriously. I have good news. The residents of Islington and the rest of us can sleep safely in the knowledge that the Radioactive Substances Act 1993, the Nuclear Explosions (Prohibition and Inspections) Act 1998 and the Nuclear Safeguards Act 2000 will prevent Islington council from obtaining weapons of mass destruction. In short, the power of general competence for councils does not simultaneously abolish all other laws of the land.

Chris Leslie (Nottingham East) (Lab/Co-op): The Secretary of State advocated the power of general competence as a means of increasing the freedoms of local authorities. However, clause 5(3) states:

"The Secretary of State may by order make provision preventing local authorities from doing, in exercise of the general power, anything which is specified, or is of a description specified, in the order."

Does that not completely negate the supposed freedoms?

Mr Pickles: I am surprised by the hon. Gentleman's statement, because he and I have previous. When he was engaged in a respectable profession before returning to this House, I recall him advising me on these issues. His advice was that these things should not be absolute, and that the Secretary of State needs to retain residual powers just in case. He should not castigate me for taking the advice that he gave all those years ago—nice try.

Hazel Blears (Salford and Eccles) (Lab): The Secretary of State said that the current power to do anything that is in the interests of economic, social or environmental well-being is too narrow and that his general power of competence will extend the ability of councils to take action. Will he give practical examples of issues that do not fall within economic, social or environmental well-being, on which councils will be able to act? I am sure that the House wants to be enlightened on how large the power is. Before the election, he said that he wanted to give councils the power to do anything other than raise taxation. Is that still his intention?

Mr Pickles: The right hon. Lady makes a reasonable point. She will be aware of problems with London authorities' insurance, and the general power of competence will deal with those. However, the question is: what is the difference between the general power of competence and the general power of well-being? The truth is that there is not much difference, and we welcomed the intention to introduce the latter, but only about 17% of authorities have done so. The reason for that is the innate conservatism of those providing legal advice, so councils have tended to err on the side of not introducing it.

The reason why the general power of competence is so important is that it turns the determination requirements on their head. All those fun-loving guys who are involved in offering legal advice to local authorities, who are basically conservative, will now have to err on the side of permissiveness. That is a substantial change, and I would have thought that there would be no difference between the parties on that matter. I believe that a general power of competence is better than a general power of well-being, because the latter had to be invented as a concept whereas the former is well accepted by local authorities throughout the world, which understand exactly what it means.

The Bill will let councils decide the best way to organise themselves, whether through cities having mayors, through local council executives or through the committee system. On the subject of mayors, I am delighted to report to the House that Lord Adonis will begin a tour of 12 English cities, talking to local people about the prospect of having a mayor. I look forward to his report. The Government are grateful that that distinguished former Cabinet Minister is undertaking that important work.

Mr Bob Ainsworth (Coventry North East) (Lab) Will the Secretary of State give way?

Mr Pickles: Of course I give way to another distinguished former Cabinet Minister.

Mr Ainsworth: Will the Secretary of State share with the House his thinking and motives in providing for the imposition of shadow mayors ahead of a referendum in the 12 cities involved?

Mr Pickles: The idea is basically to get ready for the mayors. I want to make it absolutely clear that if the people in those authorities decide that they do not want a mayor, the powers will disappear. However, it was felt that if we were to move towards referendums, the people of the cities involved should have an indication of the powers and freedoms that they would get if they had a mayor.

I think it was Lord Adonis, when he was dealing with high-speed rail, who made it clear that it was easier to deal with mayors in London and other parts of the country than to deal with council leaders. Cities such as Birmingham—I understand that one of our former colleagues, Clare Short, has thrown her hat in the ring as a potential mayor there—are as important as Boston or Barcelona, and they have a part to play on the world stage. I believe that mayors can enhance that role.

The Bill pushes power out as far as possible into communities and neighbourhoods, into the hands of individuals and community groups. For too long, local groups, community associations and even ordinary men and women on the street with a good idea and a desire to make their neighbourhood a better place to live, have been ignored and left out. They have no rights and no chance to have their voice heard. It is hardly surprising that even the most dedicated activist gets frustrated, let alone a concerned mum who just wants to see her street kept clean or a group of friends who are worried about a local pub that is under threat. We are giving people new rights, powers and opportunities to act on the issues that matter.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The right hon. Gentleman knows my town of Huddersfield very well. Since the election, local community groups have been falling by the wayside in political and community activity. They have lost their funding, including seed funding, and third sector and community groups are in a dire state. What will the Bill do to rejuvenate the third sector and create a renaissance in it?

Mr Pickles: Voluntary groups in Huddersfield, which I know and love very well, are very keen on those powers. They will have a power to challenge and a power for a proper partnership that is not hand-to-mouth and based on grants and handouts. In such partnerships, sensible local authorities will work hand in glove with voluntary organisations to provide better services for their population.

Let me give another example. People will be able to veto excessive council tax rises. Instead of the Secretary of State making that decision, local people will balance service needs against the level of council tax. They will be able to protect and improve—and even run—the public services on which they rely, and ensure that much-loved local assets are kept for the next generation. Those rights will give community groups the oomph that they need. People will have a genuine stake in their community and a reason to get involved, secure in the knowledge that the power to change things is in their hands.

Charlie Elphicke (Dover) (Con): This is a truly radical Bill from a truly radical Secretary of State. It brings closer to reality the dream of government for the people, by the people and of the people that shall not perish from this earth. In my constituency, people want to buy the port of Dover. People in other constituencies want to buy forests and other such community assets. Will the Secretary of State and the Government consider going faster, deeper and wider, so that we have a community right to buy from central Government as well as from local government?

Mr Pickles: My hon. Friend tempts me to become a bit Maoist in these matters, but we will certainly consider what he says and look towards giving greater powers to local people.

The Bill will return the planning system to the people. Targets do not build homes, and regional plans do not get communities involved. Today, we have an adversarial, confrontational system, fomented on mistrust and a sense of powerlessness. It is simply not working. The Bill will therefore create genuine neighbourhood planning, by which the community will develop in ways that make sense for local people. Instead of instructions being handed down from on high, the Bill will offer incentives to invest in growth. Instead of unelected commissioners making national decisions on important national infrastructure, those choices will again be down to democratically elected Ministers in this House.

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): There is a genuine worry among the infrastructure industries, particularly the utilities, about the current interregnum. When will the Secretary of State issue guidance on major infrastructure processes? When will the words used by the Minister of State, Department for Communities and Local Government, the right hon. Member for Tunbridge Wells (Greg Clark) be fulfilled? In Question Time, he spoke of a fast-track political process, which might give some certainty for investors and some knowledge of how the system will actually work.

Mr Pickles: I am happy to reassure the right hon. Gentleman that there will be no gap in the system, and that the utilities are very much in favour of what we are doing. In terms of general national policy statements, we will move at pace, because as he rightly identifies, infrastructure, particularly in respect of the utilities, is immensely important.

The Bill will give councils and communities the power that they need to tackle the housing challenges that they face. The coalition Government have inherited a deep housing crisis. Five million people languish on waiting lists, and many of them have no chance whatever of being allocated social housing. It is a failing that hundreds of thousands of families live in overcrowded conditions while other homes are under-occupied, and that in half of all families who live in social housing, no one works.

The Localism Bill will create a much fairer and more flexible system. Councils will have the discretion to help families meet their needs in the most appropriate way, and we have of course made sure that there will be appropriate protections for the most vulnerable families. However, there are also many families who simply need a short-term helping hand—and councils will now be able to offer just that. I remind the House that we are only talking about new entrants to the system; existing tenants are unaffected. We are also reforming council house financing, building on proposals from previous Governments, but with a more generous offer. All councils will have more money to manage their stock.

Finally, the Bill represents the final nail in the coffin for the most illogical and unpopular measures of the previous Government: it will get rid of bin taxes, home information packs, the outdated port tax, and the sort of bonkers bureaucratic measures that we get when decisions are taken far away from the people they affect—the sort of measures we will not see anymore. The era of big government is over. Look where it got us: uneven and unstable economic growth; frustrated front-line workers slavishly following the rulebook to the letter; and residents and community groups left powerless to solve their problems.

Mr Aidan Burley (Cannock Chase) (Con): One of the scandals of recent years is that councils have been allowed to run up astronomical debts. My former authority, where I served as a councillor—Hammersmith and Fulham council—is trying to reduce its historical debt of £133 million, which costs taxpayers £5 million a year in interest payments before a single street is even swept. What safeguards are in the Bill against councils running up excessive debts?

Mr Pickles: The Treasury rules prevent it. I know that Hammersmith and Fulham council has received a lot of praise in the Chamber over the past few hours, but it deserves it—it is a fantastic council. After years of Labour neglect and continuous council tax rises, residents in Hammersmith and Fulham are getting a better, cheaper service that represents the real needs of the community. It was no surprise that it was returned with a thumping majority at the last election.

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By pushing power out, getting the Government out of the way and letting people run their own affairs, we can build a stronger, fairer Britain. We can restore civic pride, rebuild democratic accountability, promote economic growth and replace big government with the big society. I commend the Bill to the House.

4.33 pm

Caroline Flint (Don Valley) (Lab): I beg to move an amendment, to leave out from "That" to the end of the Question and add:

"this House, whilst affirming its belief in the important principle of devolving power to local people and their elected representatives, declines to give a Second Reading to the Localism Bill because the proposed devolution of power to local authorities is undermined both by the extent to which the Bill hands powers to the Secretary of State to over-ride those devolved powers and by the extent of powers of the Secretary of State to direct local authorities in their governance arrangements, and because the community empowerment and neighbourhood planning sections of the Bill, which have been put together hastily and without adequate consultation with important stakeholders, would cause the planning functions of local authorities to become incoherent and ineffective and create new costly and complex systems of service procurement and would reduce the effectiveness of local authorities; and is strongly of the opinion that the publication of such a Bill should have been preceded by both fuller consultation and pre-legislative scrutiny of a draft Bill."

After all the delays, the false storms, the spin and the briefings, finally we have the Bill where it should be—before the House. It is a Bill that we will demonstrate over the coming weeks will not, I am afraid, revolutionise local politics, empower the masses to shake up their town halls or reinvigorate local democracy. It is a Bill that the Business Secretary rightly described as "not thought through". Above all, the Bill empowers one person: the Secretary of State. We believe in devolving power to local communities and giving people a real say in how their local area is run: we believe that power should rest in the hands of the many, not the few; and we are optimistic because we have faith that there are few problems so intractable that local communities do not ultimately have the answer.

We would welcome and support a Bill, therefore, that genuinely devolved powers, which is what the Localism Bill was meant to do. We were promised a radical redistribution of power from central Government to people —a new dawn for people power and a groundbreaking shift in power to councils and communities. We were told that this would be the first Government to leave office with much less power in Whitehall than they started with. Today we see that that is just another broken promise. If page 1 of the Bill gives local councils the power to do whatever they like to improve their local areas, why do we need a further 405 pages?

This Bill fails to live up to its name. For all the Government's talk of localism, the Bill does nothing to convince us that it is anything more than a smokescreen for unprecedented cuts to local communities up and down the country. All those warm words about devolving power and empowering communities ring hollow when, at the same time, local councils face cuts that go deeper than in almost any other Whitehall Department; cuts that fall heaviest in the first year; cuts that hit the most deprived communities the hardest. There is nothing localist about that.

Let us nail the myth that local councils can spare front-line services simply by cutting executive pay, trimming waste and sharing backroom functions, because they cannot. I know that maths is obviously not the Secretary of State's strong point, because last week he was telling the newspapers about how good the Tory canvass returns were looking in Oldham. We support greater transparency in the pay of senior officials in the public sector and the measures to increase pay accountability in local government, and the right hon. Gentleman does not need a calculator to work out that cutting executive pay and streamlining administration will not help a single council to avoid cutting front-line services.

Simon Hughes: The right hon. Lady produced some wry smiles when she said how strongly Labour had been in favour of devolving to local councils. I would like her to be honest, at the beginning of the debate, about her own legacy. Was the previous 13 years of central power and no devolution a mistake that she now greatly regrets, or do all local councils and everybody else have some sort of fallacious memory? Have we all missed something, because that is not their view on the ground, whatever colour they are?

Caroline Flint: I think that what we can see is a steady devolution to local government. I can see—*[Interruption.]* Interestingly enough, I can see how clauses in the Bill build on Labour's record in local government. The problem occurs when the right hon. Gentleman tries to suggest that the Localism Bill will shape the future of local government. I am afraid that what will shape the future of local government and how it operates with its partners in the voluntary and private sectors are the cuts, which are doing such a large amount of damage to some of those great partnerships. I refuse to accept from those on the Government Benches that somehow they invented localism or opportunities for communities to take control of assets and have a say. That is just not true.

Angie Bray (Ealing Central and Acton) (Con) *rose—*

Charlie Elphicke *rose—*

Caroline Flint: I will give way again in a little while.

Let us look at Islington council, of which Labour took control in May. The previous Liberal Democrat administration appointed a chief executive on a salary of £220,000. The Labour council cut that salary by £60,000—a significant sum and a good example of a Labour council delivering value for money. However, that is a drop in the ocean against the £40 million-worth of savings that Islington has to find. The Secretary of State knows that the Bill does nothing for councils up and down the country that are struggling with the most difficult finance settlement in a generation. It is not localist to cripple local councils with devastating cuts and to stop them delivering the essential services on which local communities rely.

Andrew Bridgen (North West Leicestershire) (Con): Has the right hon. Lady noted that Moody's, the credit rating agency, stated last week that it is only the coalition Government's deficit reduction plan that is saving our triple A rating? If we lose that, the markets will force far higher cuts on us.

Caroline Flint: I do not sign up to the view that somehow the country was on the brink of bankruptcy. That is absolutely ridiculous. We should be asking why, given all the measures that the Tory-led Government have instigated since the general election, growth is not higher, and why unemployment is not going down more quickly. That is the question that the Government have to answer. Up and down the country, because of the devastating cuts to local government and the front-loading of those cuts, the Government are sucking the life out of local communities that are trying to rebuild and create the growth that is so essential.

Several hon. Members *rose—*

Caroline Flint: I will give way in a little while, but I want to make some progress.

Perhaps we should not be surprised that the Secretary of State has been captured by Whitehall. In the eight months since his appointment, the Cabinet's champion for local communities has bothered to make only six visits. Perhaps that is why he is so dangerously out of touch. To be fair, although he does not visit much, he tries to keep in touch by writing. Week after week, local councils are inundated by missives, diatribes and diktats from Ministers, lecturing them on how to organise a street party for the diamond jubilee and on the right way to celebrate Christmas, instructing them on what their street signs should look like and when to empty the bins, and telling them to axe their council newspapers even if it costs more to put the notices in the local paper. That is not localism, and nor is much of the Bill. It is no good providing a general power of competence in one clause if the next four clauses give the Secretary of State the power to curtail it.

We believe that elected mayors can offer effective local leadership. That is why we introduced the model, giving local councils and local people the power to elect a mayor if they wanted one. However, the only person whom the Bill gives a vote to is the Secretary of State.

Christopher Pincher (Tamworth) (Con): Will the right hon. Lady give way?

Caroline Flint: I will give way shortly, but I want to finish this point, because the Secretary of State has made much of his devolution of powers in relation to mayors. The only person whom the Bill gives a vote to in relation to mayors is the Secretary of State. How democratic is it for the Secretary of State to appoint a shadow mayor ahead of a referendum for local people? Would not such a person have an advantage when standing for mayor? It cannot be right or democratic for the leader of whatever party it might be to have such an advantage in a mayoral election.

The Bill could have encouraged and empowered more people to get involved in the way their community is run and made local councils more responsive to the communities they serve. Instead, it abolishes the duty on councils to provide information to people about how their local council works and how they can get involved. It also states that councils no longer have to bother replying to petitions from local people. I do not understand that.

Christopher Pincher: I am obliged to the right hon. Lady for giving way; we are obviously getting on better now. She talks about democracy. Can she explain how democratic it was, over 13 years of a Labour Government, to increase the amount of ring-fencing from 4% to 15% of local government spend? Was not that simply a case of Labour saying that Brown knew best?

Caroline Flint: In some cases, there was an argument for some ring-fencing, and I am not going to step away from that. I am glad to say, however, that as we moved through from ring-fencing to local area agreements, we encouraged local councils and their partners in the police, health and elsewhere to come forward with plans of their own. That is what was happening. I think I am right in saying that the present Administration agree with the work on Total Place. They were going to give it another name, but they still agreed with the principle of partners coming together in that way. However, there is nothing in the Bill to help Total Place, or whatever it was going to be called under the coalition Government, and that is a crying shame.

Toby Perkins: My right hon. Friend is being very generous in taking interventions, and I thank her for taking one from this side of the House. Do the councils that she meets think that they are better off now that, instead of getting ring-fenced funds, their funds are being abolished by the Secretary of State?

Caroline Flint: I do not think that the many councils that have had their area-based grants removed are singing from the rooftops about the end of ring-fencing. This is robbing Peter to pay Paul, but it is not the most deprived communities that are being paid: they are losing out hand over fist.

Rebuilding trust in politics and engaging people in the political process is vital, but the Bill could undermine standards in public life by making codes of conduct for councillors voluntary. Good standards are surely not optional. Every community expects its elected representatives to adhere to certain standards.

Several hon. Members *rose—*

Caroline Flint: I give way to the hon. Lady.

Nicky Morgan (Loughborough) (Con): Following the question put by her hon. Friend the Member for Chesterfield (Toby Perkins), does the right hon. Lady get thanks from her local residents when she meets them for almost doubling most of their council taxes?

Caroline Flint: The record will show that for many years under the Labour Government it was Conservative councils, not Labour ones, that increased their council tax.

This Bill is meant to take power from Whitehall and devolve it to local communities, but we find on closer inspection that it provides an arsenal of more than 100 new powers for the Secretary of State. It should be retitled the "only if I say so" Bill, because if the Secretary of State does not like it, it ain't happening.

Much has been made of the introduction of local referendums, and we support mechanisms that promote public engagement in the political process, but when the Bill gives the Secretary of State the power to decide what is or is not a local matter and on what local people can and cannot have a say, just how deep the Government's

[Caroline Flint]

commitment is to localism is called into question. Far from devolving power as we were promised, this Bill represents a massive accumulation of power in the hands of the Secretary of State. If nothing else, at least we now know why the Government were forced to drop the word "decentralisation" from the Bill's title.

Mr Blunkett: Could we not sum it up very simply by saying that the Government are centralising the power and decentralising the pain?

Caroline Flint: Yes.

Despite the best efforts of the Secretary of State and his Ministers to transfer powers from the many to the few, even they have not got everything wrong. Some of the Bill's measures are a continuation of policies introduced by the previous Labour Government—*[Interruption.]* I am afraid they are. When the Government build on our reforms, we will support them. We support the general power of competence for local authorities, because those elected in an area should be able to do what is in the interests of the communities they serve. With no mention of local economic partnerships in the Bill and in the absence of any other plans for growth, giving local authorities greater flexibility on business rate relief to encourage new start-ups and help local businesses is one small step in the right direction. It builds on Labour's introduction of small business rate relief.

Several hon. Members *rose—*

Caroline Flint: We welcome the principle of greater involvement for local people in how their communities are developed. Broadly speaking, we support the transfer of powers and functions from unelected bodies to the Mayor of London—provided there are sufficient powers of oversight and scrutiny for the Greater London authority.

I am sad to say, however, that as a whole this Bill represents a massive missed opportunity. When reading it through, it is difficult not to be struck by the sense that, for all the agonised intellectualising of the Minister of State, Department for Communities and Local Government, the right hon. Member for Tunbridge Wells (Greg Clark), this Bill is little more than a rag-bag collection of press releases from Tory HQ. Giving local people and communities a greater say in and more control over the future of their local areas and building an open and less adversarial planning system is to be welcomed, but when the Secretary of State's own Department estimates that neighbourhood plans could cost as much as £250,000, we remain to be convinced that those plans are anything more than a gimmick or a vehicle for those with the loudest voices and deepest pockets to impose their will on the rest of the community.

Hazel Blears: The Secretary of State purports to say that the planning system will be simpler and more open to local people. How does that square with his decision to abolish planning aid, which has provided tremendous support to people right across this country? Those with he loudest voices will continue to have the biggest say.

Caroline Flint: My right hon. Friend echoes the point made earlier in Communities and Local Government questions. Planning aid is one vehicle to enable communities that might not have architects, solicitors and accountants among them to engage in the process. It is worrying when people's hopes are raised and then dashed when they are effectively unable to take part.

Several hon. Members *rose—*

Caroline Flint: I give way to the hon. Member for Great Yarmouth (Brandon Lewis), who has been trying to intervene for some time.

Brandon Lewis (Great Yarmouth) (Con): I thank the right hon. Lady. As a councillor from 1998 to 2009, I watched councillors and residents become frustrated time and again because councillors could not properly represent residents on a range of issues owing to Government guidelines, particularly on planning. Surely the right hon. Lady would agree that the Bill gives back one very important power—the power of councillors truly to represent their residents without having to worry about any sort of guidance put out by the Government or a quango?

Caroline Flint: I am sure that, as a former councillor, the hon. Gentleman agrees that different communities have different capacities to engage. Often, in planning and development as in other contexts, it is the voices of those such as the homeless that are not heard. We need to think of ways of supporting those silent communities. The part of the Bill relating to councillors is interesting, but, again, questions will have to be asked in Committee. We shall need to ensure that it works properly, and enables councillors to represent people in their areas without affecting any quasi-judicial position in which they may find themselves when decisions must be made.

Several hon. Members *rose—*

Caroline Flint: I will make a little more progress, and then I will take a few more interventions. The record will probably show that by the end of my speech I had taken more interventions than the Secretary of State.

I mentioned the possible cost of the proposed neighbourhood plans, which might prevent those without deep pockets from being able to participate. The same is true of the much-vaunted provision relating to community assets, which is being billed as a community right to buy. Before the Bill was published we were told that, by giving communities a right of first refusal whenever local assets were being sold or closed down and by guaranteeing them a fair price, we could save pubs, post offices and village shops from closure; but the Bill does no such thing. There is no right of first refusal, there is no right to a fair price, and there is no help for communities seeking to save local assets that the Secretary of State's cuts threaten with closure.

Andrew Percy (Brigg and Goole) (Con): May I return the right hon. Lady to the issue of neighbourhood development plans? As she will know, parish councils already have to produce parish plans which are part of the supplementary planning guidance. She said that neighbourhood development plans would give a voice to people who wanted to force their will on other people. Does she not understand what an insult that is to serving parish councillors such as me? Many parish councillors spent a great deal of time producing parish

plans which were not bigoted and not about forcing our will, but were about protecting our local communities. All that neighbourhood development plans will do is give that more force.

Caroline Flint: With respect to the hon. Gentleman, I was not referring to parish plans. I have met representatives of parish and town councils, and one of the questions that they have raised—fairly, in my view—is how parish plans might work in relation to neighbourhood development plans, and which would take priority. I am sure that we will examine such issues in Committee in order to ensure that we do not end up with over-duplication.

I know that parish and town councillors do a fantastic job. My constituency contains many parish and town councils. However, we need to ensure through neighbourhood plans that it is not possible for a few people who are not elected representatives to create a forum in which they can impose their will on others in various ways because of their clout and their finances. We need to ensure that the plans allow communities to be represented fairly. We also need to consider the implications for councils in terms of the cost and the additional responsibilities that will be expected of planning officers and others who service the neighbourhood plans. It is not that the idea is necessarily wrong, but we shall need to establish how it will work in practice, and whether it actually amounts to much. Is it all that meets the eye? That is what people want to know. They do not want to be led up the hill only to be marched down it again. That is not the sort of politics in which we should engage.

Henry Smith (Crawley) (Con): Does the right hon. Lady think it better for planning decisions to be made by unaccountable regional quangos or by local people?

Caroline Flint: I do not think that the answer should be more powers for the Secretary of State, for a start.

What I have said also applies to the community right to challenge. We are in favour of empowering front-line staff. In many instances, not just in local government but in the health service and elsewhere, our staff should be at the forefront in coming up with ways of improving services. Those on the front line often have better answers than some managers. Many councils of all political persuasions already engage community organisations and voluntary groups in the delivery of local services. That is not new, and we think that it should be encouraged. However, those organisations need support. Given that their resources are being cut throughout the country, and given that there is no provision other than the right to be considered, we remain to be convinced that this part of the Bill will mean much in practice.

The Secretary of State tells us that this Bill is the centrepiece of what the Government are trying to do to shake up the balance of power in the country fundamentally, but perhaps what is most striking about it is what it fails to deal with. Across every community in the country people often feel that they do not have enough of a say about what happens in their local area, whether in local bus services, community policing, the district hospital, or in the jobcentre's tackling unemployment. This Bill says nothing about that; it offers nothing to remedy that. Giving elected local representatives the power to summon people before their committees much as we do in the Committees of this House would be one simple, practical thing to give local communities a real say in the services that they use, but the Bill fails to do that.

In turning to the proposals—*[Interruption.]* Well, I understand from reading the Bill that scrutiny committees can summon an officer of the council, but they can merely invite someone from another organisation. There are no summoning powers over representatives of the utilities, for example, or over the district commander. That is what we are talking about: proper accountability, and proper powers for scrutiny committees.

On the Bill's proposals on housing, it is again difficult not to be disappointed. For some homeless households, a home in the private rented sector may be a better option than social housing if that avoids long waits in temporary accommodation and provides greater flexibility of location than social housing, but that should be a choice for the household involved, so we will not support a proposal if it allows the most vulnerable members of our communities to be forced into unsuitable accommodation.

What else is missing from the Bill? There is a complete absence of reforms to the private rented sector—the Bill does not even touch on the subject—and we remain to be convinced that there is sufficient quantity of decent homes in the private rented sector to house those in need.

Jeremy Corbyn (Islington North) (Lab): Does my right hon. Friend share my concerns about passing to local government the responsibility to house people in the private sector? Rents are not regulated, tenancies are limited, conditions are often poor, and the tenant's power to control the way the landlord behaves or maintains the property is very limited. What we need is more council housing with secure tenancies at economic rents, as are currently charged. That is the real way out of the housing crisis.

Caroline Flint: Supply is important on all counts: supply in social housing, supply in rented housing, and, indeed, supply of affordable homes for people to buy. There is, however, absolutely nothing in this Bill about the private rented sector. In fact, in the name of protecting home owners—he referred to this earlier in departmental Question Time—the Secretary of State was all too keen to confer on private landlords with empty properties a general power to neglect for up to two years, rendering local councils powerless in the face of blight or antisocial behaviour. That is a dilution of local authority powers, as we enabled councils to take action after six months, and it was announced just three days before the Under-Secretary of State for Communities and Local Government, the hon. Member for Hazel Grove (Andrew Stunell) urged swift action to tackle empty homes, warning that empty properties attract squatters, vandalism and antisocial behaviour. The Minister even went to Oldham on a visit related to the policy, for which he had to apologise. It did not do the Liberal Democrat candidate much good. What we have here, therefore, is a chaotic policy and a hapless presentation, and it would be comic if the results were not so devastating.

The Secretary of State knows that I support sensible reform of social housing, but it must be reform that encourages employment, supports families and helps to create strong communities where people feel safe. Simply

[Caroline Flint]

abolishing secure tenancies and kicking new tenants out of their homes when they get a promotion or a pay rise would just create fear and uncertainty. It would disrupt family life, and it could provide a disincentive to work. We on this side of the House could never support reforms that put a break on aspiration

Mr Stewart Jackson (Peterborough) (Con): I fear the right hon. Lady is overegging the pudding, given that she must surely acknowledge that in her time as Housing Minister she very courageously brought up the issue of social rent tenure. She was faced with a hailstorm of opprobrium from her own party because of that very brave decision, and her party did nothing about the issue in 13 years in power.

Caroline Flint: My worry was about single men and women without dependants who were not in work, who had not received the right training and who, often, were going from foyer projects into social housing with a secure tenancy but no support to get them into work. For me, social housing should be a springboard into work—it should be a springboard for people to change their lives. I find it odd that the much-vaunted proposals of the Minister for Housing and Local Government were all about saying that councils will check someone's pay packet to see whether they have had a pay rise. People may use a pay rise to improve their home, for example, by buying new curtains or decorating, but they could now face eviction. I do not understand that approach. It is not about creating strong and stable communities; it is about stopping people realising their aspirations and stopping the self-sufficiency of many families in future.

The cuts to the housing budget have already dealt a hammer-blow to the hopes of hundreds of thousands of families who are trying to get their own home, and on the big issue of how we get more new affordable homes the Bill is ominously silent. The Government seem unmoved by the fact that the number of planning permissions for new homes in the last quarter of 2010 was down 18% on the record low of the same period in 2009. They seem unmoved by the fact that the housing waiting list figures rose by 12% between July and September, and the Secretary of State is unmoved by the fact that his proposed reforms to the planning system in this Bill could make things worse.

Labour would support reforms that gave local people and communities a greater say and more control over the future of their local areas, because a fair and open planning system that involves local people does lead to better decision making and greater consensus about development. However, every community cannot thrive if the system is biased against change, and every community has to look to the future to create new homes, new workplaces and new jobs. A planning system that is devoid of any obligations to provide for the future, rather than just to protect the present, is destined to fail. There is a danger that the reforms in this Bill, including the scrapping of regional housing targets, could mean that the homes that this country so badly needs will not be built. Indeed, since this Government came to power local authorities have already ditched plans for 160,000 homes—that represents 1,300 homes every single day. Although the hon. Member for Grantham and Stamford (Nick Boles) tells us that the Prime Minister and the Deputy Prime Minister want "chaos" in the planning system, that is not what local people want. They want a planning system that respects the wishes of local communities but is able to deliver the homes that are so badly needed.

Last week, the voters of Oldham sent a very clear message to the Government about the rise in VAT, the trebling of tuition fees, the cuts to the police and the loss of vital community services. To those people, and those across the country, this Bill has nothing to say. For the council coping with huge front-loaded cuts, and facing rising costs for child protection and growing demand for social care, the Localism Bill has no answers. For the community that will see its potholes unrepaired, its streets unswept and its libraries shut down, the Localism Bill offers no help. For the councillor hoping for new jobs in their area, wishing to hold local agencies to account or wanting new affordable homes, the Localism Bill is worthless. For the resident who is worried about care for a loved one, living in fear of antisocial behaviour or concerned about their children's youth club closing, the Localism Bill gives no assistance.

Labour knows that localism must mean more than dismantling local services and putting blind faith in volunteers picking up the reins, and that localism must serve more than those with the loudest voices and the deepest pockets. We are on the side of local people when it comes to the issues that they really care about. It is to Labour that they will look when this Bill fails to deliver, because they know that the Tories' claim to believe in localism is a sham. Let the record show that we urged the House to decline to give this Bill a Second Reading.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. As Members can detect, a considerable number of Members wish to attract the Chair's eye during this debate. A limit of eight minutes has been set. Members do not have to use the entire eight minutes and, clearly, the time limit will be reviewed later on.

5.3 pm

Sir Paul Beresford (Mole Valley) (Con): I shall heed your words, Mr Deputy Speaker.

I must tell the Secretary of State that I really welcome this Bill, which has been a long time coming. I listened to the shadow Secretary of State, and I must say that she has had a convenient memory loss—about 13 years of it. She must recall that the major part of this Bill results from what her Government did to local government from 1997—they smothered it. Under her Government local authorities suffered: a constant flow of directives; a flowing river of statutory requirements; and expensive and time-consuming audits that looked at processes, rather than outcomes. Local authorities' staffing levels increased, but the jobs were non-jobs or non-productive jobs created merely to meet the heavy strictures of the Labour Government.

Those all added to costs; they did not add to service provision. Related to that was the cynical manipulation of grant funding, as grant was moved from London and the south-east to Labour areas in the north. As I said to

the shadow Secretary of State on a previous occasion, in a third big change the local grant assessment meant that Surrey lost £36 million year on year. The shadow Secretary of State said in response that the grant had risen year on year under Labour. She was right, but that was the national grant, not the grants that were subject to the selective manoeuvring up and down the country. In addition, the grant percentage increase for many local authorities had a very low base, particularly in London and the south-east.

Increases in council tax or grant were generally swallowed by local authorities' being required to meet Government demands—demands based on centralised policies, not on local needs and not on needs as seen by locally elected councillors. I am delighted that the Bill, once enacted, will go a long way towards freeing councils to think and act for themselves according to local needs. I remind those who were Communities and Local Government Ministers in the last Government of the string of reports from the Select Committee advising and almost pleading with the Labour Government to remove layers of bureaucracy, hundreds upon hundreds of targets and the control of minutiae. Those Ministers paid homage to the reports but did nothing.

Mrs Anne Main (St Albans) (Con): I served on the same Committee, and my recollection is exactly the same as my hon. Friend's. The Ministers were indicted in those reports for failing to deliver on social housing, failing to let local communities decide and failing to give planning guidance that local communities wanted to deliver. Time and again in that Committee we heard robust arguments from people who were very unhappy about what they were being asked to do locally.

Sir Paul Beresford: I thank my hon. Friend for that reinforcement.

The Bill reverses that and proposes the removal of further expensive central Government systems of data collection, targets and inspections following the earlier removal of comprehensive area assessments, local area agreements and the Audit Commission—I could go on. At last, we have a move towards diversity in the supply of public services, which has already been taken on positively in Surrey by councils, including the county and parish councils, by councillors and by residents groups.

I hope that the Government are taking radical measures to remove the Labour Government-imposed obstacles to fair, competitive tendering. When he winds up the debate, perhaps the Minister can comment on that concern. Whether the service is provided in-house or by a private franchise, a properly drawn-up contract, properly managed, enables better services to be provided at less cost, which is increasingly important at this time. Tendering must be fair and effective and the obstacles must be removed.

Since 1992, Labour Ministers questioned by the Communities and Local Government Committee seemed unable to comprehend the damage caused by their top-down imposed bureaucracy, which was supported by a very strong Labour local government contingent on the Committee.

It is a great relief to councils to be rid of regional strategies, with their millions of words and tomes of documents. At last, local councils will again be making local planning decisions. Councillors will be able to have opinions without risking the accusation of bias and being unable to act.

Moves on retrospective planning permissions will be welcomed, particularly in my area where we are plagued by Travellers abusing planning legislation. To be fair, many Travellers in my area are law-abiding people who fit in with our communities. A few are not. The claim by those few that they are a special racial minority and therefore apparently beyond planning laws is sickening. The cost to my local planning authorities of a constant flow of actions from those few individuals is notorious and outrageous.

I am delighted that councils will be able to return to the old committee system if they wish—if they wish, an unknown thing for Labour. For many councillors, it meant that they were able to have a say in decisions rather than feeling left on the sidelines.

I shall watch the move for mayors with agnostic interest. Success will depend on the appearance of strong characters to take on the task. They are around and always have been. I recall some from my days in local government, some of whom were good for their local areas and some of whom were not. They include David Bookbinder, Shirley Porter, Peter Bowness and, of course, two Members of this House from Sheffield, one of whom has just left the Chamber, the other of whom is still here.

For me and many councils, the Bill's enactment will be a great start for local people, returning local government to councils and concerned local people. It is a huge and positive start, but councils need to act fast to use the opportunities it presents; they should be acting now in readiness for when the Bill becomes an Act.

5.10 pm

Mr Clive Betts (Sheffield South East) (Lab): It is always a pleasure to follow the hon. Member for Mole Valley (Sir Paul Beresford). He and I had some very interesting years together on the Select Committee on Communities and Local Government in the previous Parliament. Let me say to him in a friendly way that memory loss can be longer than 13 years and that compulsory competitive tendering was hardly the most decentralising policy that any Government have brought in.

By instinct and philosophy I am a localist, so it gives me no great pleasure to say to the Secretary of State that the Bill is a missed opportunity. I simply do not see in the proposals a coherent philosophy telling us what localism is all about. The Select Committee is currently conducting an inquiry into localism, and I do not want to pre-empt or prejudge its findings, but one thing that a number of witnesses have regularly asked is whether local authorities are at the heart of localism or whether they are bypassed by the Secretary of State going directly to communities and ignoring elected representatives. The answer is that the Government do not really know because there is a mixture of proposals that treat localism and local authorities in a totally different way.

The Secretary of State was dismissive when he was challenged about the number of order-making powers, of which there are 140, but it is no answer to say that there were more in previous legislation. If this is genuinely a decentralising measure, why is it necessary to have all those order-making powers and so many regulations

[Mr Clive Betts]

about how local authorities should exercise scrutiny? There might be elements of genuinely good policy in neighbourhood planning, the community right to challenge and in dealing with community assets, but why is there so much prescription from the Secretary of State and Ministers about how local authorities may use their new powers? Why can we not allow local authorities to get on with the policy within a general broad framework? I am disappointed that we have not taken further local authority involvement in the remits of the Departments of Health and Work and Pensions—those are genuine missed opportunities.

I welcome some aspects of the Bill, such as the power of general competence, although I wish we had set it more clearly in a new constitutional settlement for local government—we will come back to that in due course. I am concerned about the Secretary of State's power to revoke any council's ability to do anything it wants to do under the power. I am pleased about the reforms to the housing revenue account, but concerns have been expressed that local authorities will not be able to keep all their right-to-buy receipts and that extra borrowing controls beyond prudential borrowing controls will be imposed on them. I do not think those measures are particularly localist or decentralising.

I welcome the transfer of powers from the Infrastructure Planning Commission so that it will be elected politicians who eventually sign off decisions on major infrastructure projects. I argued for that when I was on the Government Benches in a previous Parliament. I am pleased that local authorities will be able to return to local committee systems if that is what they want, but why can a local authority with a committee system not have the same devolved powers as an elected mayor? Why does the devolution of those powers depend on which system of governance the local authority chooses? That is not a particularly localist measure.

Angie Bray: Does the hon. Gentleman also welcome the abolition of the Standards Board for England? Under that dreadful, anti-democratic device, which was brought in by the previous Labour Government, all sorts of decent, hard-working local councillors were always under the threat of petty allegations being made, often for partisan reasons, undermining local authorities.

Mr Betts: There was a problem with the initial design of the board, but it was subsequently reformed and now works an awful lot better. My concern is that if a local authority chooses not to have one, there will be nothing between the action of pulling a local councillor up and questioning their actions in some way and taking criminal action against them for failing to deal properly with an issue in relation to which they have a registered interest. There could be a real problem there with a void in the system.

I have other real concerns. The Government are embarking on a fundamental change to the planning system in this country, which Government Members cheered because that is what they believe in. With regard to the abolition of the regional spatial strategy and the development of neighbourhood plans, my concern is that change of this kind brings uncertainty and, to an extent, a lack of clarity, and that it could bring delays and, potentially, unintended consequences.

What will happen ultimately? The Government say that their policy is to build more homes than we were before the recession. They have obligations on renewable energy and ensuring that wind farms are developed to meet them, but what will happen if the sum total of all those local decisions is that fewer homes are built and not enough wind turbines are built to meet our renewables obligations? What is their fall-back position? Is it at that point that the Secretary of State will intervene, or is it that they will accept the sum total of local will across the country and fall down on their national house-building targets and their renewables obligations? What is the Government's position? I have not heard a coherent explanation of it.

Toby Perkins: It was a tremendous privilege to be a member of the Select Committee alongside my hon. Friend for a short time. During one of its meetings that I attended, a number of witnesses expressed different views on the strength or otherwise of regional spatial strategies, but every one of them, to a man, agreed that the proposals being produced by this Government would lead to fewer houses being built, not more.

Mr Betts: Ultimately, the test will be whether the policy works. My question is this: if the policy does not work, what is the Government's fall-back position? The Bill includes a duty on local authorities to co-operate on a range of issues, and it is important that they do so, because many of those decisions will have an impact beyond the boundaries of an individual authority. What will happen if local authorities do not co-operate? The Bill is vague about what will happen in that case.

I have mentioned that local authorities stand at the heart of localism. I believe in elective, representative democracy, so I do not understand why it is necessary for the Bill to spell out what the Secretary of State thinks is a proper increase in council tax and for there to be the power to have a referendum in such cases. Rather than a referendum on whether local authorities should cut services, there can be only a one-way referendum if a Secretary of State thinks that a council tax increase might be excessive, as defined by him. Why can we not just leave it up to elected local representatives to make such decisions? I continually refused to vote for the previous Government's proposals on capping council tax because I did not think that they were right either.

Gavin Barwell (Croydon Central) (Con): Will the hon. Gentleman give way?

Mr Betts: I will not give way again, because many other Members wish to speak.

As for local democracy and decisions being taken at local level, why is it necessary for the Secretary of State to take a raft of powers relating to shadow elected mayors? Why can we not leave it to local people or councils to hold a referendum so that local communities can decide whether they want an elected mayor? Why must the Secretary of State take powers to bring in shadow elected mayors? The proposals do not seem very localist or democratic.

On the reform of council housing, I am not against different forms of tenure. I believe that they have a place, but if the proposals on flexible tenure are put

together with the 50% cut in funding for social housing—that is the Government's policy—the only social houses that will be built, after those that the previous Government committed to, will be those built on flexible tenure at rents related to market rent levels. The Government are thereby effectively ending the provision of any new social housing as we know it in this country, and I cannot agree with that. By all means let us have additional forms of tenure, but not at the expense of removing altogether the existing forms of social housing tenure for new build.

I know that other Members wish to speak, so I will conclude. I regret that the Bill does not really deliver on a holistic localism agenda. It is a missed opportunity. There is no coherent philosophy. It is very unclear whether local councils are at the heart of the process or whether it is the Secretary of State, bypassing local councils on a range of measures and imposing the way localism operates locally, which is wholly contrary to the meaning of the word.

5.19 pm

Simon Hughes (Bermondsey and Old Southwark) (LD): This debate is extremely important. For those of us who stood on an election manifesto of more power for local people, this is an important and welcome day. I say to the Secretary of State and his colleagues that people throughout England and many local councillors and council officers will be grateful for the Bill.

Over the past 13 years central Government held on to far too much local power. As I listened to the speech by the right hon. Member for Don Valley (Caroline Flint), I recalled that her leader said in his conference speech:

"We need . . . local democracy free of the constraints we have placed on it in the past and free of an attitude which has looked down its nose at local government."

If she and the Labour party are now signed up to that, that is welcome. It is a conversion because it is not what was happening when I was sitting on the Opposition Benches and she and her colleagues were sitting on the Government Benches.

One of the tests is whether there is confidence in local government, and whether people think local councils have powers. The signs, as she and House know, have not been good on those indicators. People feel that they have had less power, not more, and less influence, not more. Confidence in local government has dropped in the past decade, rather than risen. One of the tests for me will be whether, by the time the Bill has passed through both Houses and been amended to improve it, confidence in local government is improved.

I agree with the hon. Member for Mole Valley (Sir Paul Beresford) that one of the welcome small but important changes is that local councillors will in future be able to vote and speak on the things that matter most to their electorate. It was always nonsense that they had to say they were disbarred from speaking on the planning application round the corner in the middle of their ward. We can speak, as we should do, on local matters, and they should be allowed to speak on local matters too.

Mr Raynsford: It is an interesting principle that the right hon. Gentleman has enunciated. Can he tell the House whether he believes that his colleague, the Secretary of State for Business, Innovation and Skills, should have been moved from his current brief to a different Department because he spoke about something in which he had, potentially, a quasi-judicial interest?

Simon Hughes: Tempting, but completely irrelevant to the Bill. I will talk to the right hon. Gentleman about that on another occasion.

The Bill has six substantive parts and one additional part which is about EU fines, a slightly esoteric subject about which I know there is controversy. I shall deal briefly with what seem to me to be the good things and make the occasional plea for the Government to go further.

On local government, the power of general competence is welcome, but I hope the siren voices suggesting that there should be frequent exceptions are resisted. We need to make sure, as I have heard the Secretary of State say, that we give councils the power to act except when the law says they cannot. That is what the measure should be about. Getting rid of the Standards Board is popular and right. Introducing a better system for making public how senior pay is decided will raise confidence among local communities. The right of councils to choose their own committee structure is welcome: many councils will want to go back to a committee system to involve their back benchers more. Making sure that councillors play a full part is especially welcome.

One thing about which we on the Liberal Democrat Benches have some concern is the shadow elected mayor proposal. I know what the coalition agreement says and I know that the coalition is committed to holding a referendum in the 12 largest cities outside London. I am not dissenting from that, but we ought to allow those cities to have that debate and then, if they vote for directly elected mayors, so be it. There are arguments on both sides.

On local government finance, the Government are starting down the right road. I welcome the fact that there is to be a much greater power of discretionary relief for businesses, and a new power for small businesses. Those are important matters. The big change has not yet happened and is far too controversial to be hidden away in such a Bill, but eventually I hope we will come to a much better form of local government finance generally. The Secretary of State knows that my colleagues and I believe that something like local income tax and, for land, something like site value rating, will be a much fairer system. I realise that that is too much to bite off and chew in the first Bill, but progress is being made in the right direction.

Mr Douglas Carswell (Clacton) (Con): Will the right hon. Gentleman give way?

Simon Hughes: One more time, then I will press on to the end.

Mr Carswell: I do not wish to intrude on that celebration of the Bill's sound localist credentials, but might the Bill be more effective—and offer more real localism, rather than lip service to it—if it offered to devolve control over revenue, something that has been Lib Dem policy for many years? Does my right hon. Friend not agree that the Bill should disperse power over local government finance to the same extent that it does the power over planning?

Simon Hughes: I of course support my party's position, which we will say something further about this year, but, having spoken to Ministers, I know that during this period of government the plan is for a much larger transfer of powers for councils to raise and spend their own money. To put it bluntly, the Government could have not dealt with that in a year, but it is on their agenda and they are starting the reform of local government finance. I welcome their commitment to that, although we cannot do it yet. When we do it, we have to get it right—and be radical about it as well.

I welcome the really important part of the Bill, on community empowerment. I am really pleased that, for example, the community will have the chance to say, "We want to keep this shop, or this pub, or this other community facility." It is really important that the community will be able to say, "We don't want that parade to end up all off licences or betting shops. We want there to be a greengrocer, a fishmonger or a baker." To be able to be involved in the process is really important. It is important that we build up the real engagement of people locally in the planning process, and I welcome the moves to do that.

Dan Byles (North Warwickshire) (Con): Will my right hon. Friend give way?

Simon Hughes: No, I will not, only because we have so many constraints on time—understandably.

It is important that in the end decisions are taken accountably. There is a danger, which the Secretary of State is aware of, but we must not allow local decisions to be hijacked by a vocal minority with the qualities, the education or the ability and time to run their own campaign. We have to make sure that decisions are taken on behalf of the whole community and not the vested interests. Sometimes the nimby argument can prevail over the right one and we have to ensure that that danger is resisted.

I welcome the community infrastructure levy, and I shall seek clarification in the winding-up speeches on whether it gives the local authority the full freedom to spend the money on, for example, the housing estate next door to the planning application site, either to do it up or to build more housing. There ought to be maximum freedom.

I also welcome the abolition of the Infrastructure Planning Commission and the return to a planning system whereby the ultimate decision will be taken by a Minister accountable to Parliament. In Greater London we have just had our consultation deadline for responses to the Thames tunnel sewer, and there is a huge proposed mains sewer site in my constituency. We are perfectly happy to go through the consultation, but I have argued very strongly that the final decision on the planning application for such a major scheme should be taken by someone accountable to Parliament and not by a body accountable to no one.

I welcome the fact that national planning statements will be revised, and I welcome the community right to buy. That is a very important additional power, which I am sure will be very well used. My little request to go further was reflected in the comments of my hon. Friend the Member for Colchester (Bob Russell): I think there is a good case for what has come to be called the third-party right of appeal. I heard the answer from the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Bromley and Chislehurst (Robert Neill), but, respectfully, I do not think that it was a persuasive one. We have to balance the developers' power, influence and money with the community, and at the moment there is not a balanced appeal system.

On housing, the deadline for responses to the Government's consultation paper was a minute or two ago. The Housing Minister will have had my response and, as he can imagine, it was robust and clear and committed to the continuation of the maximum amount of social housing in my constituency and throughout the country. It is really clear to me that we must get those housing provisions right. I understand and respect the argument for localism, but it has to be localism within parameters guaranteeing that we build and increase the number of social homes, and at prices that people can afford. I will reserve my comments on the detail, because we will have other opportunities for that, but we absolutely need to deal with the queue of people who are not being adequately housed.

I welcome the London provisions, which are very gratefully received by those of us in London.

I shall end with two points. Do the Government envisage that someone will have the job of promoting local democracy, given that it is being taken away from local councils? We need to encourage people to participate and not to reduce participation. Lastly, this might sound an esoteric point on which to end, but we have to do away with the nonsense whereby, because of different rules, people can be charged ridiculous amounts for burial if they have moved from the place where they originally come from. There are little things to improve, but it is a good Bill, and I hope that it is even further improved in the next few months.

5.30 pm

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): I start by drawing attention to my interests as declared in the register.

I endorse the view expressed by the right hon. Member for Bermondsey and Old Southwark (Simon Hughes) about the importance of localism being matched by provisions that ensure that overarching, overriding national priorities are met. He made that comment in the context of housing, but it applies even more widely. That should be the basis of localism, to which almost all of us subscribe as a concept, but it must not lead to national responsibility for crucial services and to people's needs being ignored.

The first question that the Government should be asking is why the Bill, which ought to command widespread support because the principle of localism is widely supported, has generated such a tide of concern and suspicion. Having read through the large number of submissions that I and, no doubt, other Members have received in advance of today's debate, I found the absence of any papers giving unqualified support to the provisions very telling. The tone was very much "Yes, but", and that applied to a striking number of them. The more one dug down into them, the more one realised just how serious and extensive were the buts—the concerns and objections that were raised.

How have the Government got themselves into this position? They have done so partly through their own actions, as we highlighted earlier in Question Time and in other contexts. The Secretary of State and his Ministers might like to proclaim the virtues of localism, but they find it very hard to remain virtuous and they wade into any debate when they see the opportunity. Like St Augustine, the Secretary of State says "Let me be localist, but not yet" when a local authority makes provision for refuse collection that he does not agree with, pays its officers more than he believes they should be paid, makes arrangements for parking charges that he does not agree with, or issues a newsletter—or fails to do so. The Housing Minister became involved in Liverpool city council's decision to demolish a terraced house once briefly occupied by Ringo Starr. All those decisions are clearly about local issues and should be taken locally, and Ministers should have a self-denying ordinance to keep quiet about them. If they did, they would be taken more seriously as advocates of localism.

Mr Carswell: Does the right hon. Gentleman draw a distinction between someone expressing an opinion on what an outcome should be and micro-managing through statutory instruments what it should be?

Mr Raynsford: As the hon. Gentleman will realise if he reflects on this, there is a continuum that makes it difficult to identify where one stops expressing an opinion and where one tries to produce the outcome that one is advocating. Front Benchers should remember that they have responsibilities and that their comments are often interpreted as a wish to see an outcome.

The drafting of the Bill is very unhelpful to the Ministers' cause of trying to win support for it. I challenge anyone, even the most experienced parliamentarian, to have an easy evening's read if they try to wade through its countless clauses and schedules. Its drafting—overwhelmingly by way of amendment to other legislation, and with the absence of detailed provision in many of its clauses, which, we are told, will be supplemented by regulations—makes it difficult to have a full feel for what exactly the Government intend. We understand their aspiration, but what will be the detailed implications? That is far from clear, and inevitably lots of suspicions abound that while their intentions may be good the outcomes will not be.

Whether we are talking about how neighbourhood plans will be shaped or how the new insecure tenancies that the Government are imposing on social housing will operate, we do not know the full implications because no provisions have been published or, in the latter case, because the consultation concluded only today, so of course we do not know what the details will be. That suggests a Bill put together in a hurry, without adequate consultation or proper consideration of some of its provisions. If ever a measure cried out for pre-legislative scrutiny, this is it. It is a tragedy that it is being rushed through without proper consideration of its detailed implications and of how the Government's good localist intentions—I give them that—will work in practice.

The lack of certainty over the Government's plans and over the effect of the Bill is obvious throughout. On the theme of localism itself, the Government have put an emphasis on neighbourhoods. That might imply a commitment to neighbourhood decision making, or to devolution to a local authority or, in London, to the Mayor, but what happens if those bodies come into conflict? What happens if the Mayor pursues an objective with which the borough council or the local neighbourhood does not agree? There is the added problem that in areas without parish councils the neighbourhood forum that may come into existence under the Bill will not have a recognised form of democratic accountability. Who will prevail when there is a conflict between the various bodies?

Clauses 168 and 169 will allow the Mayor of London to designate any area in London as a mayoral development corporation, which will take over the local authority's planning powers. Let us imagine that the Mayor of London changes—an election will be held next year. What if the new Mayor is not from the party of the Government? He might look at house building performance in Bromley, for example, and decide that not enough homes are being built there. He might say, "I see some interesting powers in the legislation and I propose to set up a mayoral development corporation in Bromley to get more homes built there." Under the provisions of the Bill, with which Ministers will be familiar, the Mayor has to consult on his proposals, but he does not have to act on the views of the consultees if he does not agree with them. In the consultation, he would no doubt hear screams of protest from Bromley council and the residents, but he would also hear many people in London saying that they want more homes and that he should do his utmost to build them. What would happen if the Mayor presented a request to the Government to bring in an order to give effect to a mayoral development corporation in Bromley? As I read the Bill—I challenge Ministers to tell me if I am wrong—the Under-Secretary of State for Communities and Local Government, the hon. Member for Bromley and Chislehurst (Robert Neill), would face the delightful proposition of enacting the order, because the Bill says that the Secretary of State must act on any such request from the Mayor, even if the local council and the local neighbourhood do not like it.

That brings us back to the tension between competing views of localism, on which, I am afraid, the Bill is entirely silent. If I were a Minister, I would not want to be tied to introducing something on the say so of a mayor who might have very different objectives from those of the Government.

Some provisions in the Bill, such as that one, are slightly bonkers, but others are seriously damaging. The housing and planning provisions will destabilise the planning and housing process at a time when, above all, we need confidence and certainty to get the new homes that we need. The housing market was badly hit by the recession and recovered strongly in early 2010, but the Government's maladroit and unlawful interference in the planning system has undermined that confidence. The market is now tottering along on the bottom, there is no confidence, and millions of people know that the prospects of getting a decent home at a price within their means are terribly short. The Bill's ill-considered and untested changes to the planning regime will make an already bad situation worse.

The unwanted changes to social tenancies and the weakening of protection for homeless people are misconceived and should be opposed. Before the election,

[Mr Raynsford]

the Conservative party pretended that it had no plan to introduce those measures, and the Liberal Democrats would have denounced the idea of introducing them as part of a coalition.

The Minister for Housing and Local Government (Grant Shapps): Will the right hon. Gentleman give way?

Mr Raynsford: I have only 10 seconds, as the right hon. Gentleman knows. I have time to say only that the Bill is riddled with anomalies. It is a rag-bag of ill-considered—

Mr Deputy Speaker (Mr Nigel Evans): Order. I call Rory Stewart.

5.39 pm

Rory Stewart (Penrith and The Border) (Con): This debate is an example of why changes such as those in the Bill are so difficult. All the arguments that Labour Members are making—all the "Yes, buts" we have just heard—show that we live in a strange world. Many Labour Members have said how much they support initiatives such as those in the Bill, but the obstacles that they are mentioning show why, for 13 years, despite their best instincts, they were unable to introduce them.

A fundamental problem faces Members of all parties—the difference between the expert, with all the "Yes, buts" and ideas, and the reality on the ground. There seems to be a fundamental gap in our culture between rhetoric and reality. I experienced it myself every day in Afghanistan, where I heard people say, "We are committed to a gender-sensitive, multi-ethnic, centralised state based on democracy, human rights and the rule of law", whereas in fact 98% of Afghan women cannot yet read or write. Such disjuncture characterises life, whether abroad or locally, and we experience it every day.

This is not, however, a question of theory. Despite our best intentions and protestations, we daily encounter waste and situations in which we achieve exactly the reverse of what we intended and in which local communities are prevented from doing perfectly sensible things. To put it in pompous, philosophical language, those are problems of power, knowledge, will and legitimacy. That is why the Minister of State, my right hon. Friend the Member for Tunbridge Wells (Greg Clark), is to be congratulated. At the moment, we have a culture not just of experts but of soundbites, and my right hon. Friend has put 10 or 12 years of focused thought into the Bill.

We could talk about many matters, and Members have mentioned some of them, such as the good moves we have made in relation to councils, but I wish to focus on parishes and communities, the hidden strata on which people do not necessarily focus, perhaps because they are seen as old-fashioned. In the context of a rural community, however, they are vital.

From the point of view of the expert, the parish appears to lack knowledge, power and legitimacy. There is an idea that we should not have a community right to buy, that we should not introduce neighbourhood plans and that we should not allow such localism in the Bill, because communities do not know what is best for them. Of course, as Members of Parliament, we all see daily that that is not true. The shadow Secretary of State made exactly that point when she talked about meeting parish councils. What we observe, and what I daily observe in Cumbria, is that communities should be allowed to carry out neighbourhood planning because they care enormously about their neighbourhood.

If someone sends their child to try to find a house and they cannot, it motivates them to seek affordable housing. That is concretely illustrated in Crosby Ravensworth, where the community is building its own affordable housing. Those people are not nimbys trying to obstruct building—they are doing it themselves. I see the same happening in Kirkby Stephen, where people are getting together to do all the things that planners think they can do with their knowledge of heritage, economics and development. The community is doing them in a much more sophisticated and integrated fashion that is linked to the local area. The people involved are in the area, so they know things that people in Penrith, Carlisle or London do not. Despite all the rhetoric, I do not feel that such communities are ignorant or ill-informed, and they do not ignore local connections.

Why, then, are we pushing ahead with neighbourhood planning, reforms to home building and the community right to buy? It is partly because, in my area, communities show that they can always go further than the Government think. It happens everywhere I go. In Alston, the community has just taken over a snow plough and there is a community ambulance. Those were not things that it was allowed to do—it had to fight to do them. That goes all the way through to smaller things. For instance, we had this country's first community buy-out of a pub. The communities in my 110 parishes are organising themselves.

Most ambitiously, those communities are looking to the future and to the most difficult issue I can think of—broadband. One might think that communities and decentralisation had nothing to do with that, and it seems like a nightmare for a community to address. There are legal, technical, state aid, engineering and landscape issues to consider, which is why for the past 20 years—it was not just under the previous Government—such infrastructure projects have been conducted in an extremely expensive, slow fashion through semi-monopoly providers that have consistently failed to provide for my community. However, the community knows more. It maps every cabinet and exchange from Leith to Lyvennet. It cares more. It puts the transmitters up on the churches. It can do more and do it more imaginatively—it gets people online and pilots new forms of services. By doing so, the community achieves something that nobody would have thought possible.

That does not happen without Government support. Some Government money is needed, but probably about a 10th as much as would be necessary if the community did not lead the process. Without the community leading the process, the project I am talking about would probably have cost £1.5 million of taxpayers' money, but with the community in the lead, it could probably be done for £500,000.

Communities can do other things because of their legitimacy. We associate knowledge, power and will with them, but legitimacy is vital. To take the broadband example, the community's legitimacy allows it to ask people in the parish, "Will you allow us please to put a

transmitter on the top of the church? Will you dig from your house to the M6 cable network? Will you contribute money?" The community can ask every farmer, for example, in the district of Crosby Ravensworth, "Will you waive the wayleaves to build a community network that the community will own?"

This is a strange time and place because all hon. Members believe in that decentralisation, whether we call it localism, hyper-localism or double hyper-localism, but we are obstructed by our anxieties about power, knowledge and legitimacy. Let us remember the basic instinct and work together. We should support the Bill because we know that communities know and care more, and that they can and ought to do more than distant officials in Penrith, Carlisle, London or Brussels.

5.47 pm

Joan Walley (Stoke-on-Trent North) (Lab): I absolutely agree with the hon. Member for Penrith and The Border (Rory Stewart) that we want in local government people who really care about their neighbourhoods. We need legislation that allows them to continue to do what is best for their communities, but my concern is that as wonderful as localism sounds—like motherhood and apple pie—by giving competence to local councils but not resources, know-how and capacity, we are saying to local people that they can go ahead and get elected in May this year, but they will be unable to do what they set out to do. For that reason, I have great concerns that this huge Bill, which has not been subject to proper pre-legislative scrutiny, as my right hon. Friend the Member for Greenwich and Woolwich (Mr Raynsford) said, will end up as hotch-potch, sham legislation. We want to encourage citizenship and encourage people to match at local level the vision of the UK Government and Parliament.

George Freeman (Mid Norfolk) (Con): The hon. Lady mentions citizenship? What is citizenship if it is not encouraging people to take responsibility for their lives?

Joan Walley: Citizenship is absolutely about encouraging people to take responsibility for their lives and training them to do that, but we must also recognise that they need resources.

On the Bill's provisions relating to elected mayors, my advice to local areas is: do not touch them with a barge pole. The experience in Stoke-on-Trent is that elected mayors—this also relates to citizenship—undermine the position of local councillors.

On social housing, many years ago, I was honoured to be at the launch of Crisis. I refer the House to its concerns that the Bill might well weaken housing choices and security for some homeless people. It is important that we get that right.

I am concerned about the proposals to abolish the regional spatial strategies. It would be a great disservice to Stoke-on-Trent if it ended up with development on greenfield land without it being able to develop, first and foremost and in a sequential way, the brownfield sites. We need to make those sites a key priority in regeneration.

Dan Byles: It was a regional spatial strategy that forced building on to green belt land in my constituency by putting a ridiculously large number of houses into the plan.

Joan Walley: It was a regional spatial strategy that could have safeguarded the regeneration that Stoke-on-Trent needs in its inner-urban areas.

As a Unison member, I have grave concerns about the community right to challenge. I am anxious that it could lead to privatisation by the back door. As the Bill goes through the House, questions will need to be asked, including about the criteria in regulations for rejecting an expression of interest. Without the regulations, however, it is difficult to know how that will be taken forward. Given the complexity of EU law, how will the Secretary of State ensure that procurement processes result in community organisations winning contracts rather than the major companies, such as Serco and Capita, that have done so much to take over local government services?

There are also issues about a community's access to quality advice. Yes, neighbourhood planning sounds wonderful, but because of cuts organisations such as Urban Vision in Stoke-on-Trent are losing their funding. Communities must have access to legal planning law. Where will funding for these services come from? My right hon. Friend the Member for Greenwich and Woolwich referred to pre-legislative scrutiny, but the Backbench Business Committee is considering new ways of using the House's procedures. For example, Select Committees, including the Communities and Local Government Committee and the Environmental Audit Committee, of which I am a member, can consider ways of influencing a Bill as it goes through the House. The Bill makes absolutely no reference to sustainable development, so how will its hotch-potch provisions link with and tackle concerns about the climate change agenda and the zero-carbon societies that we need to be building? Will the Minister set out the sustainable development issues? How can we ensure that opportunities for proper climate change policies are co-ordinated?

I have a private Member's Bill proposing a code for sustainable food, but because of the way in which the House works I will not be able to speak to it on the Floor of the House. A local referendum might well enable councils to consider ways to ensure that when food purchased using taxpayers' money is served in the public sector—for example, in hospitals and old people's homes—those involved abide by certain standards. As this Bill proceeds, will the Government consider ways of ensuring that private Members' Bills can be secured through referendums?

There are many concerns about the Bill. We had reference earlier to people saying, "Yes, but". It seems to me that many national organisations are going along with the principles of the Bill because they want to be involved, and not be ostracised by the Government, but in private they have major concerns about local capacity. I urge the Government to consider ways of ensuring that we end up not with a sham Bill, but with something that will encourage local people to stand as local councillors and ensure that, when they do, they can make a difference in their areas.

Several hon. Members *rose*—

Mr Deputy Speaker: Order. Despite the fact that I am reducing the time limit to five minutes plus two interventions at a minute each—seven minutes—not every Member will be able to catch my eye, I am afraid. I apologise in advance.

5.54 pm

John Stevenson (Carlisle) (Con): I am grateful for the opportunity to speak in this extremely important debate. The Bill is undoubtedly one of the coalition Government's flagship policies.

In many respects, the Bill is long overdue and a badly needed piece of legislation. I think that all Government Members accept that the balance of power between local and central Government has been out of kilter for many years and clearly needs to be redressed. Over the years, central Government have become rather suspicious of local government, seeing it as incompetent and rather ineffective—many in the Chamber who have been involved in local government will recognise that situation. Indeed, over the past 30 years, *Whitehall involvement in local* government has amounted almost to the art of looking for trouble, finding it everywhere, diagnosing it wrongly and applying unsuitable remedies. I hope that the Bill will start to change that.

Local government was not necessarily loved in the '80s and '90s, but it did function properly. Over the past 13 years, however, it has been taken to a completely different level: the town hall has effectively become a department of Whitehall and part of the apparatus of the state. We have had targets, ring-fencing, regulation and a "Whitehall knows best" attitude: "You'll only do it one way, and that is our way". As a consequence, we now have weak local government; it is seen as irrelevant by many people. We have non-participation in elections, a lack of involvement, poor decision making and, in many respects, fear of actually making a decision. Redressing that imbalance is hugely important.

Reform, however, is about not just about creating new powers or shifting old ones, but repeal, which is why I welcome the abolition of the Northwest Regional Development Agency, the other regional development agencies and regional government, and the scrapping of regional strategies, the bin tax and so on. That is all very welcome. I spoke at a conference this weekend with about 100 parish councillors, whose responses to the introduction of the Bill were interesting to hear. They were enthusiastic, receptive and encouraged by the proposals, which demonstrated that people want to be involved and to take responsibility.

Rory Stewart: As a fellow Cumbrian Member of Parliament, will my hon. Friend please join us in supporting the community buy-out of the Penrith cinema, which is a great example of localism?

John Stevenson: My hon. Friend is absolutely right; it is a demonstration of localism. Indeed, I was lobbied about that very topic at the weekend. I will certainly give it my support.

I am sure that hon. Members will refer this evening to many different aspects of the Bill, but I will touch on just one or two. First, we have governance and the general power of competence, which has already been alluded to, and which is an opportunity for authorities to be radical and innovative. I believe also that the referendums on council tax will have a restraining influence on the excesses of some councils, although they will not prevent councils with a popular mandate from taking on a project and proceeding, even if they need a referendum to support it. Also important in my view is the potential introduction of 12 new elected mayors. I have been a long-time supporter of elected mayors, believing that they bring to local government visible leadership, accountability and transparency—people know who is in charge and, in many respects, it is the modern way of doing things.

I fully support the Bill. However, I will be interested to see what the Government do when it settles. Will they introduce and transfer more power to local authorities? I hope so. I am also encouraged that the Government are looking at how we fund local government, because that is critical to the future independence of local government. I would encourage, where possible, the transfer back to local authorities of responsibility for business rates. One good reason for that is that if businesses are *paying rates to a local authority, they will* have a stake in that local community and the decisions made by that local authority, and they will engage more. Currently, many businesses take an ambivalent view of what goes on in local government, which is not good for communities.

My final point is probably almost as important as the Bill itself: there has to be a culture change. There has to be a culture change in central Government whereby they accept that different parts of the country will make different decisions about different topics. They have to accept that even though they might not like it. However, there also has to be a culture change in local government: it has to take on responsibility to embrace these powers and build its own communities in the way that it wants. However, I fully support the Bill. It is a great work in progress, and I look forward to supporting it through its later stages.

6 pm

Shabana Mahmood (Birmingham, Ladywood) (Lab): I am grateful for the opportunity to make a contribution to the debate. I would like to focus on three elements: first, my concerns regarding the impact of the devastating cuts to local government in the recent financial settlement, which I believe do not correlate with the Government's professed desire for localism and giving more power to local people; secondly, the arrangements in the Bill for directly elected mayors in 12 major English cities, including my own city of Birmingham; and thirdly, the provisions in relation to housing.

I support the principle of giving people a greater say in how their communities and services are run, but that has to take place in tandem with two things: fairly funded local authorities, and thereby fairly funded local services; and investment in the capacity and skills of local people to enable them to take control regardless of their social background. Through the Bill, the Government try to talk a good game. However, it comes at a time when the Government at the centre have made a choice, giving local authorities a devastating financial settlement that was far worse than expected, with the worst cuts for a generation.

The Government seem to think that merely by saying that they are committed to localism, and by repeating their lines in support of local people taking control at local level, that somehow, as if by magic, true localism will emerge. However, without a fair settlement for local government, no such localism can emerge. The Bill seems to give a huge amount with one hand, but the Government, through the financial choices that they

have made, are taking a lot more away with the other. The simple truth is that localism cannot deliver for local people if all the decisions being made at local level are focused on implementing centrally imposed cuts that are going too far and are too deep.

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): Does the hon. Lady not recall that it was the former Chief Secretary to the Treasury, in the previous Labour Government, who left a letter that said there was no money left?

Shabana Mahmood: I am afraid that that is a rather poor attempt at hiding the deep unfairness of the settlement imposed on local government by this Government. That was a choice that could have been made differently, but was not.

Toby Perkins: On the basis of what the hon. Member for Plymouth, Sutton and Devonport (Oliver Colvile) has just said, is it not surprising that a council such as Dorset should have a rise this year, when most councils in the most deprived areas have seen massive cuts? If the problem is a lack of money, why is it that the authorities that are most able to bear that burden are the ones that are better off under this Government?

Shabana Mahmood: I agree with my hon. Friend entirely, and I was just coming to that point.

I fear that it is the cuts that will define the future shape, life chances and success, or lack thereof, of Birmingham residents, not the Localism Bill. The provisional local government settlement for Birmingham was a confirmation of the worst-case scenario. Birmingham has to make savings of approximately £170 million in the next two years, and is one of the hardest hit local authorities. In fact, "one of the hardest hit" is a depressing and hideous phrase that the people of Birmingham are having to get used to, after being one of the hardest hit areas in the police settlement.

The sheer size of the cuts in Birmingham will prevent the people of Birmingham from getting the most out of the localism agenda. More affluent areas, which have perversely done better out of the local government financial settlement, have greater scope to gain more from localism. I fear a prevailing culture where those with the deepest pockets will be more able to make themselves heard. If the Government truly want localism to be a success, and want strong local communities up and down the country, they first need to revisit the unfair settlement for local government. Anything less than that is a hollow and unworkable localism, which will not deliver for every community.

The Bill also creates arrangements for directly elected mayors in 12 major English cities, including Birmingham. I am in favour of giving local people a choice as to whether they want a directly elected mayor for their area. An elected mayor could offer highly effective local leadership, and I supported the introduction of this model of local government when it was introduced by the Labour Government. However, I am against imposition. The Bill imposes a shadow mayor on the people of Birmingham, subject to a confirmatory referendum. That aspect needs to be considered again. The people of Birmingham are quite capable of deciding for themselves whether they want a directly elected mayor, rather than having one imposed from the centre by the Secretary of State, subject to later endorsement. Where, may I ask, is the localism in that? If the Secretary of State truly trusted local people to exercise their own judgment about what is right for their area, he would not choose this path.

Earlier, the Secretary of State was asked about his motive for introducing shadow mayors. He said that it was so that people could get ready for having a mayor. People are not stupid. They do not need a practice run dictated to them by the Secretary of State. Let them make their decision and simply get on with it. I am concerned that the shadow arrangements—making the leader of the local authority in the 12 cities the shadow mayor—will create a systemic bias in favour of the shadow mayor, and will make it more difficult for people from all walks of life to put themselves forward for mayorship. That creates an imbalance in favour of the shadow mayor and, regardless of whether that individual is a Labour, Tory or Liberal Democrat councillor, the principle is not sound and is anti-democratic.

The Bill also makes a number of changes to the duties of local authorities in relation to housing. Every single week since I was elected in May, I have met constituents at my advice surgeries who are desperate for housing: people who are on the waiting list for social housing; people who have been waiting many years for a transfer to more suitable social housing accommodation; people on the verge of being made homeless; and young people despairing of ever getting on to the social housing ladder. I am therefore reminded every week of the urgent need to increase the stock of social and affordable housing.

Given that, I wish to make two points about the current changes. First, the changes to the current system are not taking place in isolation. They are doing so with huge changes to housing benefit rules, and therefore councils and social landlords will be under huge pressure. I am not convinced that the changes introduced in the Bill will do anything to alleviate that pressure. The proposals will have to be looked at carefully in Committee.

Secondly, the real challenge is to ensure that more homes are being built. I am alarmed at the reduction in funding for new social homes, and the warnings and figures from various groups involved in building homes. Research recently published by the National Housing Federation shows that, since the general election, local authorities have ditched plans for 160,000 new homes. It believes that, once the homes that Labour started building are complete, no new social homes will be built for the next five years. That would be a complete disaster and I suggest that that should be looked at urgently. No amount of changes to the current system can compensate for the lack of available social and affordable homes. Getting to grips with that should be the priority at this stage.

In conclusion, the Bill has promised much, but the scale of the cuts being imposed on local government, and the deficiencies in some of the Bill's proposals, will mean that it delivers very little.

6.7 pm

Stuart Andrew (Pudsey) (Con): I am pleased to be able to speak in the debate, although I have been somewhat taken aback by some of the comments from

[Stuart Andrew]

the Opposition, particularly on the need for savings in local government. The collective amnesia about why the savings are needed in the first place is one thing, but there is also the complete hypocrisy, when it was the previous Labour Government who reduced millions and millions of pounds of neighbourhood renewal funding to Leeds, which has some of the most deprived wards in the country, yet continued to give millions of pounds to Sedgefield—surprise, surprise.

For far too long, we have lived in a system that fails to trust people to get on with their own lives and to run their own lives. Instead, communities up and down our country have had diktats from on high telling them what is best. The Bill is a landmark piece of legislation that will, at last, enable a fundamental shift of power from Westminster to local people. Having been a local councillor for about seven years—maybe not as long as some of my colleagues—I know how frustrating it has been to realise that so little power is given to the local council and councillors, because they have had to adhere to the legislation that has come from this place.

The one area that I am particularly interested in, and which I would like to talk about, is planning and housing targets. I am sure that many constituencies have suffered because of the top-down targets that have been imposed on them. Time and again, when local people in my constituency are given the opportunity to ask what issues concern them most, the overwhelming response is always overdevelopment, and there is little wonder why. Many of the towns that make up my constituency of Pudsey were once mill towns and factory towns. Sadly, those industries have gone, as have companies such as Silver Cross and Greenwoods and, over the years, the industry in those areas has been replaced by residential estates.

Of course brownfield development is a good thing, but the two specific problems that these areas suffered as a result were top-down targets for density, which saw small houses being built on large sites, and the huge housing targets contained in the regional spatial strategy that left local people feeling completely powerless to oppose them.

Greg Mulholland (Leeds North West) (LD): I concur with the thoughts of my hon. Friend and Leeds colleague. Does he agree that it is extremely welcome and hugely important for an area such as ours that the regional spatial strategies are being abolished? Does he also agree that it is disgraceful that developers such as David Wilson Homes are trying to get forthcoming developments such as the one at Adel in through the back door before the new guidance comes in? Does he not agree that the people of Adel should have the power to stop such a development now?

Stuart Andrew: I completely agree with my hon. Friend. Communities in his constituency and mine have faced these problems time and again.

In Leeds, the previous Government's regional spatial strategy doubled the target for house building from around 2,500 a year to more than 4,500 every year. At that level, we would have created the equivalent of a new parliamentary constituency within a decade, which would have been completely unsustainable. These targets resulted in not only the brownfield sites in our communities being built on, but a significant threat to the greenfield sites. Time and again, developers came forward with plans for more building. In recent years, permission has been granted for thousands of new homes in Guiseley, but little investment has been made in the infrastructure to cope with so many new residents.

Alec Shelbrooke (Elmet and Rothwell) (Con): Does my hon. Friend agree that the previous Government's push to allow greenfield sites to be used for housing completely undermined the regeneration in cities such as Leeds?

Stuart Andrew: That is an incredibly valid point. I shall say more in a moment about the problems experienced by the city of Leeds.

Toby Perkins: Does the hon. Gentleman believe that fewer houses will be built in his constituency as a result of the abolition of the regional spatial strategies, and, if so, does he think that that is a good thing?

Stuart Andrew: We will have the number of houses that we can cope with. In Leeds, we recognised that certain areas needed more social housing, and the local council increased its target from 25% to 35% of all new houses being social housing. That showed that local people could respond better to local needs, and that is what is important about the Bill.

All the problems that we have experienced have pitted residents against developers, leaving the residents feeling powerless to plan the direction of the towns and villages that they know so well. The recognition of this fact at the heart of the Bill is precisely why I welcome it so much. At long last, the Government here in Westminster recognise that local people are best placed to understand the needs of their towns, as well as the impact of any developments on their communities. Trusting and empowering local people by introducing a neighbourhood planning regime and allowing local knowledge to develop neighbourhood plans and development orders are to be welcomed.

My constituency has a vibrant set of community groups that have joined forces to campaign on this very subject. The Wharfedale and Airedale Review Development—WARD—has already produced an excellent document that highlights the specific issues that need addressing in the local area. I believe that the group will welcome the Bill, which will give it an opportunity to get its voice heard and set the future direction for the area for the first time.

Sadly, the Bill comes too late for some greenfield sites in my constituency. We have already lost fields in Farsley and Yeadon. Both those applications were turned down by the local council, but the decisions were overturned by the inspector, who cited the regional spatial strategy as the reason for allowing them to go through. The planning policies and top-down targets of the past have had a detrimental effect on many of my local communities, and the loss of confidence in the planning process has left many feeling angered and powerless. With this Bill, I hope that we can start again, trusting local people to deliver local planning that understands local needs.

6.14 pm

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): The Localism Bill has received a great deal of attention in England because of its supposedly radical intent. It has received slightly less attention in Wales, as the parts of the Bill that are currently relevant to Wales might not be relevant by the time it receives Royal Assent later this year. That is because of the referendum on the powers in part 4 of the Government of Wales Act 2006 that is being held in Wales in six weeks time. A yes vote would transfer responsibility for legislation on almost all matters in the Bill to the National Assembly for Wales. Bearing in mind the strong possibility of a yes vote—for which I will, of course, be campaigning—may I ask the Minister what effect this would have on the passage of the Bill?

Members who are familiar with the transfer of powers to Wales under the Government of Wales Act will know that there is a variety of means of making the transfer. The most commonly mentioned are the legislative competence orders—LCOs—in the form of Orders in Council, but possibly the most efficient is the transfer of framework powers in a Bill that already has parliamentary time. There are three sets of framework powers in this Bill, relating to housing payments, council tax referendums and planning matters, although I shall make the point later that there should perhaps be more.

Beginning with the powers relating to housing payments, I welcome the consultation that has taken place between Members of this place and Ministers from the Welsh Government on certain subjects. That is a positive step from which other Government Departments could learn. Since my arrival in this place last summer, I have consistently drawn attention to the injustices of the housing revenue account subsidy system in Wales. This dreadful system, dubbed by a former senior special adviser in Wales as the "great Welsh rent robbery", has seen Welsh council house rent payers contribute more than £1 billion to the Treasury in London in the past decade alone. I must give the Department for Communities and Local Government its due for recognising this problem and accommodating it as far as possible—hence the inclusion of clause 152, which provides the National Assembly with powers regarding the housing revenue account scheme in Wales.

Sadly, though, our problem is not with the Members on the Government Front Bench but with their colleagues in the Treasury, who have yet to reach an agreement with the Welsh Government regarding the £80 million to £90 million that go into the Treasury's coffers each year from Wales. The housing revenue account subsidy in England is scrapped in the Bill, and there can be no justification for continuing the scheme in Wales or for the Treasury siphoning off the rents of council tenants there. It has become the norm in recent years that, when a power is created on a devolved matter in England, a mirror clause is introduced for Wales. However, there are areas in the Bill for which no such mirror clause exists, even though one might be expected. For example, the general powers of competence given to local authorities in part 1 should also be given to the National Assembly to determine.

Elsewhere in the Bill, we welcome the abolition of the Infrastructure Planning Commission, whose introduction in the Planning Act 2008 we opposed as undemocratic as it transferred out responsibilities and scrutiny that belonged with the Secretary of State. We also welcome the provisions on predetermination, senior pay and business rates, which will apply to England and Wales. However, we share the concern expressed by Citizens Advice about the changes to the homelessness duty.

I must also ask about the effect of the abolition of the regional spatial strategies on Wales, and specifically on those areas in the north-east of my country closest to the border, such as Wrexham and Flintshire, that are impacted on by the north-west England regional strategy. How will this affect cross-border workings? I would be interested to hear from the Minister what discussion has taken place with the Welsh Government on that issue. As I said at the outset, this might be my only substantial contribution to the debate on this Bill, due to the Welsh powers referendum. I certainly hope that that is the case. Diolch yn fawr iawn.

6.18 pm

Mr David Burrowes (Enfield, Southgate) (Con): I am grateful for this opportunity to speak in this important debate, having had to leave it earlier to attend a meeting with my noble Friend Baroness Hanham to discuss the local government finance settlement for the borough of Enfield. The issue of finance would normally dominate our debate on local government, as it has a significant impact, but, having been a local councillor and a Member of Parliament for a number of years, and a resident of the borough of Enfield all my life, I believe that this Bill will have a very significant impact on the quality of life of the people there. It contains the most significant devolutionary and localising measures that the House has ever had the opportunity to pass.

I listened with some regret today to the hon. Member for Sheffield South East (Mr Betts) and others who have been involved in local government and who often speak loudly about localism. I can think of pamphlets published by the all-party group on local government—I co-signed one on primary justice, which was looking for greater devolution and localism—and in Adjournment and other debates Members often pray in aid the activism of local groups and express the need to give them more power, but when it comes to the crunch and we can vote in favour of localism tonight by supporting this Bill's Second Reading, when we have the chance to side with local people, local groups and those who want to take greater control over their lives and those of the people around them, and when we can not just talk about localism but deliver it, in which Division Lobby will Opposition Members vote?

Barbara Keeley (Worsley and Eccles South) (Lab): The hon. Gentleman is talking about the stance that Opposition Members will take, so would he like to comment on the four clauses that give immense powers to the Secretary of State over the general power of competence? If the hon. Gentleman is comfortable with the extent of the powers accorded to the Secretary of State to control that general power, I have to tell him that we are not.

Mr Burrowes: I took part in Committee proceedings on the Local Government and Public Involvement in Health Bill—a Bill of over 200 clauses, so I bear the scars of considering them—and although there was some tinkering around the edges to give greater power

[Mr Burrowes]

to local people, at its heart and at the heart of the previous Government was big government and a big Secretary of State. I shall not go into the issue of size when it comes to the current Secretary of State, but he wants to replace a big Secretary of State in terms of powers with a big citizen.

Angie Bray: Does my hon. Friend agree that the most welcome provisions of the Bill include not only the restoring of local ward councillors to their proper place, where they can take part in decision making on planning, but the measures on licensing, on which we have not touched so far? One of the worst legacies of the Labour Government is the result of their foisting late-night licences on so many communities, while at the same time taking away through new national guidelines the power of local ward councillors to speak up on behalf of their communities.

Mr Burrowes: I am grateful for that intervention. It is important to get the message across that this Bill is about giving power not only to the people but to elected representatives—a concern expressed by Opposition Members. We will see this across the board. It is important to recognise that, rather than take note of typical sceptics in the media. On 17 December, *The Observer* said of the Bill that

"the tendency for partisanship and strife will be great",

while *Planning* talked about our entering

"a period in which planning discourse is dominated by sharp-elbowed, well-resourced, well-heeled busybodies".

Indeed, around the same time, *The Independent* talked about "a Nimby's charter". What we need to do is recognise that the present circumstances are in need of reform. I take seriously the words of one of those in the vanguard—David Evans, the chief planner at West Dorset council, who said:

"The planning system of old was too complex, too prescriptive and too slow…Communities felt that planning wasn't something for them, rather it was something done to them and as a result there was increasing concern from local residents that overdevelopment was affecting their neighbourhoods."

That is my experience.

Hazel Blears *rose—*

Mr Burrowes: No, I will not give way. The right hon. Lady had her opportunity in government, so I will continue.

When my residents go to their planning committee, what they often see—sadly—is a lack of meaningful engagement. They are squeezed into a five-minute deputation to have their voice heard. The process is often based around the negative—about what people can try to keep hold of for their community—rather than on engaging people from the beginning in shaping communities as part of a neighbourhood plan. Yes, there may be those with sharp elbows, but we are increasingly seeing those who are dispossessed but who want a louder voice.

Let me quote Mark Eaton of the BBC, who is not always a supporter of the Government. He said that this Bill

"may well amount to the biggest change to grass-roots politics in England since universal suffrage."

He recognises, as do others, that the Bill gives real power back to communities, and it is based on pounds, shillings and pence. For example, the community infrastructure levy will provide an opportunity properly to ensure that money is in the hands of local communities so that they can make and shape their areas. It is about empowering communities, whether it be in the most important power of competence, in the community right to buy or in the neighbourhood plan. Whether they are referred to as "easy Councils" or "John Lewis councils", diversity in provision will be important.

It will be important to look at the details of the Bill, such as those relating to business involvement. Questions can be asked about where the businesses are in the neighbourhood plan. One need only look at the local growth White Paper, which recognises that every local authority will be able to put in the foundations for local economic growth. As I see in my high streets—the lifeblood of my Enfield community—businesses will have a crucial role to play.

It is important to allow communities to be able to question, for example, the prospect of an A and E closure, such as at Chase Farm, opening up the decision to the community by way of a referendum. Greater transparency is important—at last, Transport for London will have a degree of transparency, matched by that of local communities. That is what is needed for our communities.

We need to be bold; we need to ensure innovation, efficiency and diversity. We also need to recognise and give three cheers to local activists, whether they be sharp-elbowed or not. These are people who for too long have been shut out from decisions in the community and decisions in local authorities. They should be able to help to challenge and shape their communities. We have often referred to the need to shout out, "Power to the people". At long last, we can ensure that we deliver that rallying cry through the Bill.

6.26 pm

Mr Andy Slaughter (Hammersmith) (Lab): I fear that the Bill is a hotch-potch of unco-ordinated policies, as Labour Front Benchers have said, and it will not deliver a strengthened voluntary and community sector. It will instead deliver punitive sanctions on those least able to stand up to them, particularly in the area of housing. I know that from experience in my local authority of Hammersmith and Fulham, which is doted on by the Secretary of State and Ministers. As mentioned previously, that council was said to have showed the way by merging backroom services and cutting senior salaries rather than making front-line cuts.

I urge the Secretary of State to look at the budget for the next three years, which last week was published—or sneaked out, I should say—by the council. Less than 1% of cuts will come from mergers with other councils, as was trumpeted, and less than 1% will come from cuts in senior salaries. Yet fully 50%—more than £13 million in the first year—will come from cuts in children's services and adult social services, including the closure of most Sure Start centres.

The Mail on Sunday reported just before Christmas that one officer in Hammersmith and Fulham has been paid £1,000 a day for three years—£700,000 paid into a private business run by that single officer, which is more

than all the other cuts in senior management put together. That has been described as "good value for money" by the Conservative council. Since this officer's job is the systematic demolition of council estates in the borough and the redevelopment of needed community assets, I suppose that the Conservative council would think that that was good value for money, but I wonder whether that is what the Secretary of State meant by looking at high salaries.

Three aspects of the Bill have been greeted by hollow laughter by my constituents. One is the community right to challenge. What local organisations taking over community assets means in Hammersmith and Fulham is that all the money is withdrawn, the staff are sacked and in some cases the premises are sold—Sure Start centres and libraries, for example. Then the community is told, "If you want to run these centres on your own behalf with no money from the council, and sometimes with no premises, then go ahead". That is called the big society.

As for assets of community value, what use is that policy if there is no right of first refusal and no support from the council? What we have seen in Hammersmith is a fire sale of all community buildings—buildings in which literally hundreds of voluntary sector organisations operate. I heard just this morning that Palingswick house in the middle of Hammersmith—a building that 22 active local voluntary groups have made their home for many years—is to be sold off to open a free school for children from outside the borough. Nobody in the constituency has asked for that. The same is true of the Irish cultural centre in Hammersmith, of Shepherd's Bush village hall and the Sands End centre. Those are vibrant and successful community assets and there is no opportunity for the local community to continue to run them.

As for neighbourhood planning, almost every planning scheme is a joint venture between the council and a developer. In order to build new luxury offices for councillors and senior officers, we have 15-storey tower blocks along the riverside on the site of a community cinema and homes provided by the Pocklington trust for people with visual impairments.

The 100-year-old Shepherd's Bush market is being destroyed to make way for luxury housing. The air rights relating to the car park of an old people's home in my constituency are being sold to a private school, which means that no light will reach the old people, but it will make £200,000 or so for the council. Furthermore, in west Kensington the right of local people to take over their own estate, provided by legislation that the Government claim to support, is being vetoed by the council so that a private developer can demolish 750 good-quality council homes in one of the largest developments in the country. I wish that I had more time in which to talk about the impact on my constituents' housing: about the lack of security of tenure, and about the lack of a duty in relation to homeless people.

Jeremy Corbyn: My hon. Friend's constituency and mine have similar characteristics. For instance, 30% of members of our communities live in private rented accommodation. Does my hon. Friend share my horror about the prospect that the Bill will force more people into unregulated private tenancies?

Mr Slaughter: I agree entirely with my hon. Friend. I hope that Government Members have read the comments of Shelter, which has said:

"The proposed changes sever the link between homelessness and recognising the need for a settled home by allowing councils to discharge homeless households into the insecure PRS"

—the private rented sector—

"rather than find them a settled home."

It is a shameful day for the country when a tradition that all parties have supported for many decades is abandoned: the tradition of ensuring that poorer families have stable and affordable homes. Given all that they have said over the past five years about the need to provide more good-quality affordable housing, the Liberal Democrats above all should not vote for provisions that will destroy security of tenure and the opportunity for people to live in stable homes.

Let me end by making two points that I shall have no time to amplify. The Bill's provisions for Gypsies and Travellers are also shameful, because they constitute a cynical way of not providing Gypsy and Traveller sites. That is dog-whistle politics.

Barbara Keeley: I believe that the Bill contains the first indication of cuts in Sure Start, which we expected despite what the Prime Minister said about protecting it.

Mr Slaughter: I am grateful for that intervention, because it has given me a little more time to amplify the point that I was making.

In view of what has been said today about provision for Gypsy and Traveller sites, I think that Members should sometimes examine their rhetoric. The single most important issue is that the Secretary of State for Environment, Food and Rural Affairs wishes to cut all provision for Gypsies and Travellers: both the capital funding and the requirement for local authorities to provide sites for them. If there were enough sites, there would not be unlawful encampments. It is shocking that the Government should wilfully close their eyes to that fact and simply introduce civil and criminal penalties for Gypsies and Travellers, and they should examine their conscience.

Finally, let me echo the words of Sir Christopher Kelly, who said that the end of the standards regime allowed councils, such as Hammersmith and Fulham, to get away with what they were doing. That provision should also be rejected.

6.33 pm

Greg Mulholland (Leeds North West) (LD): Let me begin by saying that, given the state in which the Labour party left the country, it is preposterous to use the word "shameful" about a Bill of this nature, whether or not it does everything that the Government claim that it does. Let us have a sensible debate.

I welcome this important Bill. I welcome the sentiments behind it and the purpose that has led two parties to work together, believing in decentralisation, and I welcome much of its substance. Let me say in particular—in the regrettably short time that I have been allowed—how delighted my constituents and I are about the abolition of regional spatial strategies, which I have already mentioned. However—just as the Secretary of State

[Greg Mulholland]

returns to the Chamber—I must record the disappointment that I share with local communities about the indication that the planning system will continue to allow developers an automatic and unlimited right of appeal, while not allowing communities even a limited right. I urge Ministers to think again.

In the very short time available to me, I wish to point out, as chair of the all-party parliamentary save the pub group, that the Bill will clearly have an impact on pubs. At present, planning law gives pubs virtually no protection, and communities have virtually no say over their future.

Hazel Blears: Will the hon. Gentleman give way?

Greg Mulholland: I should be delighted.

Hazel Blears: The hon. Gentleman has a good record of promoting community pubs. Does he support the Government's decision to abolish the £4.3 million programme introduced by the last Government to help people to take over and support their local pubs?

Greg Mulholland: I would support any measure that helped pubs, but, as the right hon. Lady knows full well, that was one of the disgraceful blank cheques written in the dying days of a Labour Government who were trying desperately to cling to power, and people saw through it. Let me now make some sensible comments about the issue. I think that Members in all parts of the House recognise not only the legal but the moral ownership of pubs by local communities.

Jesse Norman (Hereford and South Herefordshire) (Con): I agree. In Hereford we have seen a perfect example of the abuse of the current system. Last year the Gamecock pub in South Wye was sold to Tesco, in the face of local objections and without consultation. The sale went through because of a loophole: pubs and supermarket chains are both zoned B2, although, as we all know, pubs are enormously welcome and supermarkets are not. I am sure the hon. Gentleman agrees that the Bill should deal with that loophole.

Greg Mulholland: Indeed. I thank my hon. Friend for raising the issue, which I was about to mention myself. As he has pointed out, it is perfectly legal to change a pub into a supermarket, a bank or a betting shop, or to demolish it altogether if it is free-standing. That loophole, which applies also to other services, must be closed, and it can be closed if the Government support the Protection of Local Services (Planning) Bill on Friday. The Bill is promoted by my hon. Friend the Member for Selby and Ainsty (Nigel Adams), and I urge Ministers to take it seriously. If they are not willing to do so, they must deal with the matter through the Localism Bill, which is not possible as the Bill is currently drafted. Otherwise, the community right to buy will be tokenistic. An unscrupulous developer could demolish a pub overnight and change it into a Tesco before a realistic opportunity to buy had been provided. I consider the demolition loophole particularly extreme: it would be absurd to suggest that a community would still be interested in a pub site once the pub had been demolished.

Given the way in which the community right-to-buy provision is currently worded, there is a danger that other potential operators—small pub companies, individuals, entrepreneurs or small breweries—would find it more difficult to buy and run a pub that represented what the community wanted. In many cases, the right to buy is not only unrealistic but undesirable. It would affect only a few pubs, and I think that the Government should look at the drafting again.

In fact, we are not talking about a community right to buy. Let us be honest: what we are talking about is a community right to try—to try to buy a pub and put it together. Once a community has a realistic and fully backed bid at market value, the owner has no obligation to sell it to the community. I urge the Government to look at the Scottish Parliament's Land Reform (Scotland) Act 2003, which gives communities a genuine right to buy.

On behalf of the parliamentary save the pub group, I have written to the new community pubs Minister—the Under-Secretary of State for Communities and Local Government, the hon. Member for Bromley and Chislehurst (Robert Neill)—informing him of our thoughts and proposals. We believe that the idea of a moratorium is excellent, but we think that it should be triggered not when a pub or other local service is about to be sold, but when plans are presented for its use to be changed or for its demolition.

A six-month moratorium would give communities a real chance either to seek to raise the finance for a community right to buy if they wished to do so or to try to find small companies as partners. That would also benefit the excellent small companies concerned. I am delighted to say that small companies have now started to buy pubs, as the big companies, with their discredited models, are struggling. That should be encouraged, but there is a concern that it will not be encouraged under the Bill as drafted. Two things should happen during the six-month period. The local authority should conduct an independent viability test of any pub that seeks change of use. Some councils already do that. There should also be a genuine independent community consultation process. Again, a few councils do that, but if it were made part of the process, it would give the Bill teeth and the community a right to say.

Finally, there is an idea that communities simply being able to apply to put pubs on a community asset list will solve the problem, but that is not the case. The save the pub group believes that we should try to work towards a definition of a community pub that would then apply to all pubs that communities deem to be important community facilities.

The Prime Minister has said that this is to be a pro-pub Government. I want that more than any Member, but unless this Bill is strengthened, communities will not have a real say over the future of pubs, and I look forward to working with the ministerial team to change the Bill to make that happen.

6.41 pm

Mr David Lammy (Tottenham) (Lab): I want to give the Government the benefit of the doubt and welcome the thrust towards localism in the Bill, and I hope to make it on to the Committee and therefore to be able to scrutinise the detail of the proposals. As the Bill is a

thick and huge document however, I have not yet been able quite to get into it, but as I represent the second poorest constituency in London, I have some profound questions.

This Bill is being introduced against the backdrop of cuts to the vital services of some of the poorest people in London—a Somali woman, perhaps, or a Turkish woman, or someone who has arrived and settled here from the Democratic Republic of the Congo. All of them come from communities that have settled in my constituency. It has traditionally been a constituency that many communities have used as a gateway, as they settle and find their feet in this country. What does localism mean to them? It does not mean much if they are losing their library or their community support, or if the centre where their community is based is being shut down.

Mr Burrowes: Will the right hon. Gentleman give way?

Mr Lammy: I will not give way, because time is limited.

Two issues remain deeply relevant to my constituency, both of which I have previously raised in the House. I welcome the proposals for a neighbourhood plan. I have discussed that with the Minister of State, the right hon. Member for Tunbridge Wells (Greg Clark). I welcome the capacity for communities to determine the look, shape and feel of their area, and particularly of their high streets. In my constituency, we have seen the disappearance of independent shops, pubs, community centres and vital services, especially banks, and the escalating proliferation of betting shops. Why does Tottenham have 39 betting shops and not one bookshop? Why is there an application for a 10th betting shop on Tottenham high road?

Stephen Gilbert (St Austell and Newquay) (LD) *rose*—

Mr Lammy: I hope the community will be able to determine these things, and stand up to the betting industry, which, frankly, is preying on poor people in Tottenham.

Stephen Gilbert: Will the right hon. Gentleman give way?

Mr Lammy: That is wrong and it needs to stop, but I am very concerned that it is clear in the Bill that—

Stephen Gilbert: Will the right hon. Gentleman give way?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. If the right hon. Gentleman is not giving way, the hon. Gentleman cannot stay on his feet and keep on asking; instead he must sit back down.

Mr Lammy: It is clear from clause 97 that there are excessive charges in bringing in a neighbourhood plan. How are ordinary people in Tottenham—the very same people whose housing benefit is being cut, and who on the basis of the coalition's plans are to be turfed off jobseeker's allowance if they do not find a job—going to be able to pay the charges to bring in a neighbourhood plan and thereby be able to determine the look, shape and feel of their high street? Those are the questions my constituents will want to ask, particularly against the backdrop of this Bill also introducing the end of secured tenancy.

Tottenham has the highest homelessness rate in London, and it is a shame that this Administration seem to assume that our landlords are paragons of virtue. These proposals will lead to overcrowding in London. They will lead to the kinds of scenes we see in cities such as Paris. I predict that harm will come to communities because of this atrocious part of the Bill. I welcome the neighbourhood plan and I look forward to questioning in detail what it means for communities like mine, but I condemn a situation in which we are casting the very poorest of Londoners on to the streets and into overcrowded living conditions, with landlords who will surely prey on them.

6.46 pm

Martin Vickers (Cleethorpes) (Con): I must first declare an interest: I remain, until May, an elected member of North East Lincolnshire unitary authority, having previously spent 14 years as a member of the former Great Grimsby borough council. The total amount of time I served is 26 years, during which I would like to think there was a certain amount of modest success, but I can assure Members that there was also a lot of frustration caused by the gradual drift towards increasing centralisation. Needless to say, I welcome the Bill's general thrust to reverse that, but I wish to draw specific attention to the proposals for local referendums and elected mayors, and to express one or two reservations in respect of tenancies and the proposed fines in the context of air quality issues.

The ability of local people, as well as individual councillors, to initiate local referendums already exists, of course. I succeeded in achieving one after a long campaign, and in getting a two-to-one vote in favour of abolishing a town council that was precepting band B properties in excess of £100 per year, only to see that result overturned by the top-tier authority. Bearing in mind that frivolous proposals for referendums will be eliminated at an early stage, I hope that we will eventually come to the conclusion that the result of such referendums should be binding. The people did have a modest amount of success, however, as Immingham town council has reduced its running costs, and in 2008 reduced its precept by 20.9%. I rather suspect it would not have done so had it not been under threat of abolition.

I strongly support the moves towards the introduction of elected mayors, but why only 12? If, as stated, the Government consider elected mayors to provide strong leadership and improved clarity in municipal decision making and to enhance the prestige of their cities, why limit the number to 12, and why only for cities?

Barbara Keeley: Will the hon. Gentleman comment on the fact that mayors are going to be imposed? Indeed, another power that the Secretary of State is taking is the power to impose this on any city or local authority. The current power to have mayors was brought in by the Labour Government, and it can be by resolution or referendum.

Martin Vickers: Personally, I would always support the decision of a referendum over an imposition.

[Martin Vickers]

Why only 12 mayors? Why are the provincial towns not being given the opportunity to have an elected mayor? Local councillors are not generally enthusiastic about elected mayors, as that is seen to risk breaking up the cosy arrangements that exist, particularly if there are two strong parties in an authority. It needs to be made easier for the electorate to kick-start a referendum. Obtaining the support of 5% of the people does not sound like a great deal until one gets out on the streets to try to secure those genuine signatures. In the two unitary authorities that serve my constituency, that equates to about 6,000 people and I can tell hon. Members that getting that number is extremely difficult, because I have tried it.

George Freeman: On kindling community interest in local planning matters, does my hon. Friend agree that the Bill and, in particular, its housing provisions, has the potential to act as a serious catalyst for community engagement in local politics? Does he further agree that the pilot scheme that has taken shape in Attleborough, in my constituency, which involves asking some deep questions about the future of the town, is a model of what might come through the Bill?

Martin Vickers: I accept the point that my hon. Friend makes. Elected mayors are another advocate for the area that they represent, and provincial towns, particularly those neighbouring cities that will subsequently have elected mayors, should be given an early opportunity in this regard.

On the overview and scrutiny role in local councils, a decade of trying to achieve a satisfactory system has, to the best of my knowledge, failed. There may well be some councils where there has been success, but not many. The biggest problem is to do with officer resources. Scrutiny officers, however hard-working and dedicated, are answerable to senior officers who are rightly charged with implementing the policies of the ruling group. Where is the incentive to create a powerful group to scrutinise and criticise the work of the controlling group? Senior scrutiny officers need to be more independent. They should be appointed by a panel of the chairmen of the scrutiny chairs and be responsible to them, rather than to the senior management of the authority.

On the involvement of communities, I have a general rule of thumb: if people want to take decisions affecting their communities, they should seek election. That is different from encouraging them to become involved, which I fully support because we need maximum participation—I welcome the moves in the Bill that will contribute to that.

May I also draw Members' attention to the proposals to pass European Union fines, particularly those relating to air quality—a particular issue in the port of Immingham, in my constituency—to local authorities? I seek guidance from our Front Benchers on what the potential is on that front. I speak for my local community in Immingham, which faces a coal dust problem and which may welcome moves that make it more difficult for the regulatory authorities to duck the issue.

Finally, may I express some reservations about the proposed limits on the period of social housing tenancies? I recognise that the proposals will not apply to existing tenants, but I have reservations because the shorter a tenancy period, the less incentive there is for someone to contribute to maintaining the property and enhancing the area in which they live. People become attached to their bricks and mortar, and a short tenancy discourages that. The postcode lottery is a potent political weapon and, as the culture of our voters is that they expect a certain standard of services, it could be difficult to overcome with the differences that will inevitably result in neighbouring authorities.

6.54 pm

Hazel Blears (Salford and Eccles) (Lab): We could be forgiven for thinking that the Government have, all on their own, discovered community empowerment and social action. I just want to place it on the record, right at the outset, that not only I but many Labour Members have for years embraced the ideas of giving individuals and communities greater power over their own lives. That is why hundreds of local authorities up and down the country are doing participatory budgeting, why the transfer of assets has got off the ground and is now happening, why councils are responding to petitions and why the social enterprise and mutuals sector is growing. This Government are not the first to have these ideas.

Barry Gardiner (Brent North) (Lab): Surely my right hon. Friend is not going to miss off that long list antisocial behaviour orders, which this Government are seeking to do away with.

Hazel Blears: I am grateful to my hon. Friend for that intervention. Not for a moment would I seek to miss out something that I believe has been of great assistance in empowering local communities. Success has many parents and the Bill contains some things that I support, but I want to make one central point this evening: I believe that there is a deep schism at the heart of the Government between those people who genuinely believe in this agenda and want to make the most of the skills and talents of local people, and those who see it as a convenient step in an intense political strategy to shrink the state, slash costs and provide respectability for the transfer of assets from the public sector, possibly into the private sector, using the guise of social enterprise as a respectable halfway house.

I have great concerns about that. The Secretary of State for Health is on the record as saying that what he regards as social enterprise is anything other than the public sector. That is a very wide definition, and I say to the Secretary of State for Communities and Local Government, whom I am pleased to see in his place, that I would welcome the Minister giving a cast-iron commitment in his summing up. I would like the Minister to confirm that, under the expressions of interest part of the Bill, the Secretary of State will not be using his order-making powers to change the framework to allow commercial organisations simply to bid to run services and take over assets, and that there will be a genuine commitment to real social enterprise, with asset locks, stewardship and community ownership at its heart. It is vital that we get that on the record.

Dr Alan Whitehead (Southampton, Test) (Lab): Does my right hon. Friend agree that an additional element in a community takeover of assets is its having the

agency to do so and the resources even to get near those assets in the first place? Does she think that the Bill fulfils the promise of communities taking over assets in a way that that might be possible, bearing in mind the finances involved?

Hazel Blears: Not by any stretch of the imagination could this Bill genuinely be said to be about empowerment. If people are to be given rights, they need the means to take up those rights. The Bill does not contain the back-up, support, funding and guidance necessary genuinely to give people the sense that they can take on these services.

David Rutley (Macclesfield) (Con): Will the right hon. Lady give way?

Hazel Blears: In a moment.

We are setting out for the worst of all possible worlds. We will raise expectations and then set people up to fail, thus setting this whole community empowerment agenda back years and years; I think there will be an awful lot of disappointed people. If we look at the pubs support package, we see now that no support is available. A community in my constituency wants to take over the Woolpack in Salford. These great local people need help with a business plan, finance and mentoring, but no support is available from this Government to enable them to take over that pub.

Angie Bray *rose—*

Hazel Blears: I will not give way.

I set out three tests last October, saying that if the Government met them, their localism and empowerment agenda would have my support. Those tests related to funding; having a proper framework for local government; and fairness. On funding, the Government have failed miserably. My local council faces cuts of £47 million, and 15% of those cuts are to come in the first year. Manchester city council faces cuts of £100 million, with 25% in the first year. Voluntary sector organisations face cuts of upwards of £3 billion, with a paltry £100 million transition fund. Whether for local government, voluntary organisations or community groups, the Government have failed entirely on funding.

My second test was about having a proper framework and a long-term partnership with community groups. What I have seen is councils in a headlong rush to divest themselves of responsibility, and they are dealing with big national organisations, not building the small community groups that really want to bid on this agenda. For example, the big national framework contracts for the Ministry of Justice and the Department for Work and Pensions are going not to small social enterprises or small local organisations but to big national companies. The people who are getting the DWP contracts in Greater Manchester are based in Leeds, Birmingham and Newcastle—so much for growing the small local sector.

My third test was about fairness. I am genuinely horrified at the unfairness of the cuts that have been put in place. They are particularly directed at the poorest neighbourhoods—the people who are eligible for area-based grant. They have seen those grants slashed completely, which is why the poorest areas have fared the worst. What is really needed on this agenda is funds. I moved a ten-minute rule Bill just a couple of weeks ago, proposing that instead of paying themselves bonuses bankers should enter into a long-term relationship with community groups to give them not only funding, but business expertise, support, mentoring and back-up. Again, I ask the Government whether they are prepared to support those measures. We need a commitment to true social enterprise and we need to ensure—

David Rutley: Will the right hon. Lady give way?

Hazel Blears: No, I will not. Time is short.

When those enterprises are spun out into the social enterprise sector, we have to ensure that that does not happen on the back of people's terms and conditions. I would welcome a commitment from the Government that when organisations take over, the conditions for the people who work in those enterprises will be maintained at the highest possible standards.

I recommend to the House an excellent example I have seen recently of a council empowering people, which is Lambeth's co-operative council proposal. Across the country, 100 local authorities have signed up to the co-operative council idea, with citizenship-led commissioning, the transfer of assets, protection for employees and a safeguarding framework that safeguards equity so that we do not get the postcode lottery referred to by the hon. Member for Cleethorpes (Martin Vickers). That example would be very worth while.

On this agenda, we need to ask some simple questions, but they are very revealing. What is the point of a general power of competence if there is no money to do anything to improve the community? What is the point of allowing people to bid to run services or take over assets when there is not the back-up and support to enable them to do that? Why involve local people in planning and at the same time abolish planning aid, which gave poorer communities the ability to raise issues, to have technical support and to play their proper part in the planning framework? I genuinely believe that these proposals are the worst of all worlds—raising people's expectations and then dashing them in a pretty appalling way. There are many reasons why we cannot support the Bill this evening. The principle is right, but the way in which this Government propose to exercise it is utterly wrong. It is not community empowerment, but community demolition.

7.1 pm

Kris Hopkins (Keighley) (Con): As a former leader of the council—and obviously a councillor—of the great city of Bradford, I welcome this Bill. I have some reservations and I am sure that as time goes by we can thrash out some of those issues, but my local council will no longer have to doff its cap to a regional development agency to ask for its own money. My local council will not have to argue about ridiculous housing figures or argue the toss about child pregnancy figures when every professional said they were unachievable and primary care trust chairs and directors had to intervene on the Government to explain the ridiculous targets that had been set. There was paper-chasing, whole departments had to be established to facilitate inspectorates, initiatives came through where one-off moneys were chased and a few days' notice was given to bid for millions of pounds. Such ridiculous initiatives—

Tristram Hunt (Stoke-on-Trent Central) (Lab): Will the hon. Gentleman give way?

Kris Hopkins: No, I will not. The shadow Secretary of State said earlier that she was concerned that the Secretary of State had sent a note about the Queen's jubilee coming up. I got a note reminding me that it was St George's day. I did not need to receive a note from the Secretary of State to tell me that it was St George's day, because we celebrated that in Bradford with great pomp and with all the community behind us.

The Bill will end the farce of the Standards Board for England and the cost of the eternal process of the regional strategic planning regime. I welcome the idea that we can tackle rogue developers in the planning process and that we will not have to facilitate retrospective planning permission. The cost to individual councils of pursuing individual developers is outrageous. I am concerned that we should really mean localism and local determination on planning. My local parish council rejected a Tesco application and my local district council unanimously rejected it, but it then went to the inspectorate, which overturned that decision. Those decisions were overturned in the face of the local populace. I want some clarification on how we are going to address the anomaly, whereby local people are refused what they want.

I am concerned about housing. People can argue the toss about tenures, but we need to build more houses. Affordable housing must be facilitated. The recession has wiped out a whole skill base as far as housing is concerned and I want to see how Business Link, business development and the Department for Business, Innovation and Skills will support local government in utilising that housing land.

I am very concerned about elected mayors. My constituency was put into Bradford and although I like the city and people of Bradford, the people of Keighley are not too enthusiastic about being part of Bradford council. The idea that there is a very good chance that somebody from Bradford might be the mayor of Bradford will further alienate the people of Keighley, who will be further detached from that administration. I look forward to using one of the referendum options so that the constituency of Keighley can break away from Bradford council, if it needs to, and form its own administration.

As for the devolution of powers, it is quite easy to devolve powers when there is no money left in the kitty. I look forward to the time when there is more in the kitty, when we have put the economy right and when our local people can make those decisions. Individual departments need to respect their responsibility, as central Government have been an absolute nightmare for local government, trying to join it up to make decisions.

Finally, all the great things proposed in the Bill are undermined by the fact that democracy has been undermined. The postal voting system is undermining local democracy and must be addressed.

7.6 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): There have been a large number of philosophical speeches from hon. Members on both sides of the House, but I want to talk specifically about clauses 124 and 125. I want to ask the Secretary of State and Members of all parties to consider whether we want to change 40 years of homelessness legislation and give local authorities the power to discharge their duty to homeless families to the private sector, whether or not the family accepts that option.

In response to "Cathy Come Home" in the late 1960s and early 1970s, parts of all our communities rose as one—irrespective of the party that they supported—to say that local authorities needed a framework for vulnerable homeless families. No longer could councils of all political persuasions ignore families in housing need. At the same time, we saw the rise of one of the greatest acts of localism since Victorian times: the formation of housing associations, principally through Church and faith-based groups that wanted to do their bit to contribute to dealing with homelessness.

Is it right that we should let go of one of the fundamental tenets of our homelessness legislation, which is to discharge the duty to provide accommodation that families can afford? Private sector accommodation in south London is certainly not affordable to the vast majority of homeless families.

Barry Gardiner: My hon. Friend has been assiduously in the Chamber all afternoon, so she might not have seen the front page of today's *Evening Standard*, which, for the first time, talks of people being found sleeping in rubbish bins in London.

Siobhain McDonagh: That would be a shocking spectacle and I cannot imagine that any person in this House would find it acceptable.

We must consider the consequences of our actions. Private sector accommodation is, for most families, completely unaffordable. Most families who approach local authorities as homeless are young families at the start of their family life and with the lowest earning potential that they are likely to have in their lifetime. They will have to go on to housing benefit, so we will make families who could otherwise afford to pay their way welfare-dependent. We are saying to families, "You will be on housing benefit and if you try to better your life—if you take the extra day's work or the promotion—you will lose so much housing benefit that it will not be worth your while."

Sheila Gilmore (Edinburgh East) (Lab): Does my hon. Friend agree that that does not fit well with the Government's apparent concern about the size of the housing benefit bill?

Siobhain McDonagh: I completely agree with my hon. Friend and I wonder whether we are seeing joined-up government. What is worse than the pointless spending of that money is the fact that we are doing it to the detriment of those families. I appreciate that this is a slogan, but it means a great deal and many hon. Members of all persuasions could sign up to the idea that any social policy should be considered through the prism of whether it is giving "a hand up or a handout". If the Government discharge homeless people into the private sector, they will be giving them a handout that will keep their aspirations low, because those people will know that they can never afford to go into work. Professor John Hills calculated that a couple with two children

and a private rent of £120 a week would be only £23 a week better off if their earnings rose from £100 a week to £400 a week. That cap on aspiration will not only force people to stay down but will make them risk-averse. Would a single mum with two or three children who pays rent of £1,000 a month take a job that she might not be able to manage, or do the extra hours that might make her children's care collapse, if it meant she would then have to give up that job, go back on to housing benefit and experience the delay that we all know happens with benefit assessments?

I ask Government Members to consider whether that is what they want to do to the most vulnerable families. Does it help to have taxpayers paying more in housing benefit and to alienate more families? Our job should be to encourage, and perhaps sometimes to force, people to work if they can, but this measure will prevent that from happening to hundreds of families.

7.12 pm

Henry Smith (Crawley) (Con): In my maiden speech last May I spoke about the important principle that where services are delivered mainly locally, they should be decided mainly locally, so I strongly welcome the Bill. I was a councillor for 13 years before coming to this place, the last seven of which I was leader of West Sussex county council, so I have seen at first hand the top-down, centralised control from Whitehall that the Labour party exerted. It was determined to treat every part of the country the same—from the City of Westminster to the county of West Sussex and from one end of the country in Cumbria to the other in Cornwall—and its demand for compliance stifled localism and local communities.

James Morris (Halesowen and Rowley Regis) (Con): Does my hon. Friend agree that the general power of competence in the Bill, which has been much derided by the Opposition, signals that local government will no longer be an arm of central Government but will be able to pursue and develop its own policies and services?

Henry Smith: My hon. Friend hits the nail on the head. That is precisely what the Bill does and that is why the reforms represent a radical change. It is interesting that the two parties of the coalition Government are coming together not only in the national interest but in the local interest on principles of individuality, community, libertarianism, greater accountability and democracy.

In my experience as a local authority leader, three things got in the way of true local government, and our role was more about local administration than government. The first of those things was the local government finance system, and I am delighted that there will now be a chance for referendums on council tax and that there will be a greater link between local taxation and local representation.

Tristram Hunt: I am grateful to the hon. Gentleman for giving way and for showing such respect to the Chamber, unlike some of his colleagues.

On local government financing, why not go the whole hog? What is the Government's weakness? Why do they not return the business rate that the Tory party took away from local government?

Henry Smith: We are about to do just that in the Bill. The Government have not waited for legislation and have already un-ring-fenced a lot of the budgets that were constraining local authorities' ability to spend money according to local priorities.

The second thing that has kept down local governments in the past 13 years—and, to be fair, in previous times as well—is the seeping of authority and power from directly elected local government, often to regional and unelected quangos. Again, I am delighted that the coalition Government have made an early start in that respect as well.

The thing that I particularly want to highlight as having stifled local government's ability to represent the needs of local communities is the unbearable regulation and the bureaucratic tick-box exercise that local government was forced to go through. When I was a local authority leader, I asked my officers to put an audit code next to every item of expenditure that related to that bureaucratic tick-box exercise and at the end of the financial year I was astounded and shocked to see that my local authority had spent more than £1 million just on going through an unnecessary exercise that often had little relevance to the needs of my local community. Not one penny of that £1 million went to provide a book in one of our libraries. *[Interruption.]* My Conservative local authority has just opened a new library and I am delighted about that. Not one penny of that £1 million went to provide a personal computer on a desk in one of our schools or to provide a home care package for a vulnerable or elderly individual. Not one penny of it was spent on fire service call-outs or any other front-line service that the local authority for which I was responsible wanted to deliver.

The Bill represents a radical shift and a turning around of priorities. Instead of top-down, Whitehall control, there will be bottom-up control whereby individuals, local communities and democratically elected and accountable local government can provide those services. Where government is more transparent and more accountable at all levels, it is more efficient. Given the disastrous economic situation we have been bequeathed by the previous Government, that is something we need to achieve.

One issue that I would like Ministers to clarify is the way in which European Union fines for air pollution, for example, may be divided up. My constituency and local authority include Gatwick airport—the nation's second-largest airport and the world's busiest one-runway, two-terminal airport—as well as a significant section of the M23. As a former local authority leader, I am once bitten, twice shy when it comes to local government formulae and I am interested to know how the formula for dividing such fines will operate so that it does not militate against local authorities with national assets such as airports and other facilities in their area.

Broadly, the Bill is to be greatly welcomed. It has often been said that when this country gave up its empire, Whitehall, in an effort to find things to do, simply turned its attention inwards and decided that instead of administering Nigeria or India it had better administer Norwich or Ipswich. The Bill represents, for the first time, a freeing up of control and greater self-determination for our local communities in the same way as other nations achieved self-determination at the end of the British empire. I appreciate having had the House's time, Mr Deputy Speaker.

7.19 pm

Pat Glass (North West Durham) (Lab): Having been a parish councillor until a few weeks ago, I welcome those parts of the Bill that seek to reduce centralisation and strengthen local democracy, but the Government appear to give with one hand and take away with the other. To give powers to local government with one hand and slash budgets, through the local government settlement, with the other is disingenuous and simply will not deliver localism in any form that I understand. I welcome the excellent sentiments expressed by the hon. Member for Penrith and The Border (Rory Stewart)—he is no longer in his place—who chairs the all-party group on town and parish councils, of which I am the vice-chair.

On the very day that the coalition announced the deepest cuts in local government history, which will result in an estimated 140,000 public sector job losses in one year alone, they also announced the Localism Bill. Forgive me, but the cynic in me finds a sad but strong link between the two. My concern is that the big society Localism Bill is simply a cover for thousands of job losses. My local authority, Durham county council, is being forced to axe 1,600 jobs and make £100 million of savings over the next four years, and my local police authority is having to cut 80 jobs this year.

The Secretary of State rather smugly told us earlier today that Durham county council has £80 million in reserves. He knows well that for a county the size of Durham, that is not an unreasonably sized reserve. He knows that local authorities are under a legal duty to hold back a percentage of reserves for emergencies and, therefore, are not free to spend that money on front-line jobs. He is also aware that, if Durham county council spent that element of its reserves which it can spend, it can spend it only once, yet it has cuts to make next year, the year after and the year after that. He should also be aware that that element of the £80 million reserve that it can spend will largely fund redundancies this year.

Nicky Morgan: Perhaps the hon. Lady can help me with a little point I am confused about. The leader of her party said over the weekend that had Labour won the election there would have been cuts to local government finance, and in the amendment to the motion her party confirms its commitment to localism and devolution. Are we not just arguing about semantics, because hon. Members on both sides of the House appear to agree on localism, devolution and cuts to local government finance? Where does she think the cuts would have fallen had there been a Labour Government?

Pat Glass: The hon. Lady has obviously read my mind. The leader of Durham county council has told me that, had the reductions in grant funding been limited to the level that Labour would have made, all the cuts to the council could have come from existing back-office services without hitting front-line services. However, cuts of the magnitude and scale of those proposed by the Government simply cannot come from anything other than front-line services. Front-line services will be hit, and hit hard.

Barbara Keeley: In answer to the point about Labour's policy, one of the key points is that we would not have front-loaded the cuts. Salford city council has two to three months in which to deal with £47 million of cuts and is struggling, and I am sure that Durham county council is in a similar boat. I am sure my hon. Friend agrees that it is impossible to make structural changes that can help with that situation.

Pat Glass: Yes, I agree. The Association of North East Local Councils has issued figures that show clearly that the pound per person cut in spending power for those who live in the north-east will be significantly higher this year and in the following three years than it will be for those in the south-east. We have already heard today that in Hartlepool the cut per person will be £113. In the Lib Dem-led local authority of Newcastle, the figure is £99 per person, and for those who live in Durham it will be £70 per person. However, those who live in the deprived community of Richmond upon Thames will be hit by a massive cut of £5 per person, and those who live in Buckinghamshire, that well known centre of deprivation and poverty, will be hit by a cut of £4 per person. Sadly, those who reside in deepest poverty-ridden Surrey will find their council spending cut by a crippling £2 per person. How is that fair, and how will that support localism? It is Robin Hood in reverse; it is unashamedly taking from the poor to give to the rich. It is not fair and not progressive. Quite frankly, it is not fooling anyone.

My community already organises and runs many local projects, but it cannot do it alone. The voters of North West Durham, and voters generally, are already working out that the big society is nothing but a big sham. Public and community services simply cannot run on empty. They need investment and support as well as reform. People are realising that the only real choice they are being given is to run services themselves or watch them be cut to shreds. It is all very well in theory to say that local services should be delivered by local citizens, which I agree with, but what happens when those vital services fail?

Services such as talking books are vital to the elderly and the visually impaired, and the careline services are vital to the elderly and disabled. What happens if those services fail or those volunteering to run them simply walk away, get another job or move elsewhere? Such services cannot be left to God and good neighbours. There must be safeguards for when things do not work out.

I welcome parts of the Bill, but I have real concerns about other parts. It could result in a postcode lottery, with some communities able to support a higher level of social services than others, and the poorest and most vulnerable in challenged communities being left to fend for themselves.

Who will be the localists running the big society? They will be those with the time and money to get involved. Wealthier and more middle-class members of society will run services on behalf of the less well-off or the less able. What will happen to the concepts of fairness, entitlement, inclusion and standards? We have already witnessed in some Sure Start centres what happens when more middle class parents get involved: the families that those services are targeted to support—the disadvantaged—are simply overwhelmed, turned off or stay away. That is the danger of having a wealthy, middle class volunteer running vital public services targeted at the most disadvantaged.

There are things in the Bill that I approve of, but they are masked by a Government who are using them as cover for massive public sector cuts, the dismantling of local democracy and a methodology for shifting resources from the poor to the sharp-elbowed better-off.

7.27 pm

Mr Stewart Jackson (Peterborough) (Con): There speaks the authentic dinosaur aspect of the Labour party—class war. The view of the hon. Member for North West Durham (Pat Glass) is that those who want to do the best for their local community are middle class and sharp elbowed. It is sad that the Opposition amendment is so churlish, so grudging and lacking in any coherent alternative. Within its historical context, the Bill is both radical and transformative of local government, and I think that it stands comparison with some of the greatest legislation of the past 200 years, including the Municipal Corporations Act 1835, the Public Health Acts 1872 and 1875, and the Housing Act 1980, as it will make significant changes in the balance between local government and central Government. It is a reversal of Labour's ratcheting, centralising tendency, which we have seen with the tsars, the guidance, the strategy, the inspections and the audits, which have traduced the best aspects of local government over the years.

The Bill has a coherent philosophy, because in the aspects that speak to the big society it tackles something that Labour never did—the issue of capital inadequacy and capital inequality. Labour presided over a widening of the gap between the richest and poorest 10% in its 13 years in power, because it did nothing about the ownership of capital, which the hon. Member for Stoke-on-Trent Central (Tristram Hunt), the expert on Engels, no doubt knows much about.

The Bill also puts forward a significant commitment to mutualism at the same time as it heralds a civic renewal of local government through our commitment to localism. The New Local Government Network—I have the privilege of serving on its management body—sets some key challenges for the legislation. Is it about a coherent localism, and will it link together coherently as a strategy for policy making and political decision making for citizens? Yes, it is coherent as a philosophy because within the context of GP commissioning, the integration of public health, local enterprise partnerships, directly elected police commissioners, and school and welfare reform, it sits as a coherent strategy for the future.

Hazel Blears: Does the hon. Gentleman support limiting the expressions of interest to be made by communities to run services to organisations that have a social purpose? Does he also support the regulations not being changed in future by the Secretary of State to include commercial organisations that would seek to make a profit?

Mr Jackson: The big society is about empowering local people to make decisions at local level. It should be seen not as lots of disparate, discrete initiatives at local level, but within the context of the Bill's provisions. I see the general power of competence, for example, as a key unlocking a huge amount of progressive development by local authorities. The New Local Government Network specifically praised the general power of competence and said:

"This represents both a significant philosophical shift towards local democracy and a practical transfer of power to the local level."

That is something that Labour never did in its 13 years of power, although it promised to do so in its 1997 manifesto.

The other important issue—unfortunately, one cannot look in detail at the 406 pages of the Bill and its 201 clauses and 24 schedules in five minutes—is whether it is permissive, as opposed to prescriptive, as an approach to local government? On any objective test it is an extremely permissive piece of legislation. The general power of competence will give local authorities autonomy by unlocking accelerated development zones, tax increment financing, asset-backed vehicles and real estate investment trusts.

Dr Whitehead: In his exposition of the overall coherence of the Bill, is the hon. Gentleman in favour of stripping out of the Bill as it progresses through the House those 126 clauses whereby the Secretary of State can remove the powers that have been put into the Bill, if he so requires?

Mr Jackson: The hon. Gentleman makes a fair point. The TaxPayers Alliance, in its publication in March 2010 entitled "The fiscal and economic case for localism", speaks to an issue that unites the whole House—the fact that we are too centralised in the power balance between central and local government. Clearly, that is the case. The UK has one of the most centralised systems of government, taxation and spending in the western world. Less than 20% of our revenue is raised locally, as opposed to a G7 average of 60%.

An econometric study in Germany found that Government efficiency increased in direct proportion to decentralisation and could drive it up by up to 10%. That would release in this country the equivalent of £70 billion. The Spanish institute of fiscal studies found that fiscal decentralisation could boost growth in the economy by 0.5%. The Bill speaks to that concern. If Opposition Members ask me whether we are going far enough in fiscal autonomy and decentralisation, the answer is no, but the Bill is a bigger and better start than what went on before.

Opposition Members will notice that we have been consistent from the publication of the control shift document in February 2009, which is the theoretical and philosophical basis for the Bill. We have been pushing the concept of localism. When I served on the Public Bill Committee with the right hon. Member for Salford and Eccles (Hazel Blears) two years ago, we did not oppose multi-area agreements or leaders boards because we believed in localism.

Tristram Hunt: Will the hon. Gentleman give way?

Mr Jackson: I do not have time to give way, if the hon. Gentleman will forgive me.

The Bill is coherent, although I have two caveats. One is about shadow elected mayors, which was raised by my hon. Friend the Member for Keighley (Kris Hopkins), who is not in his place at present. I have concerns also about councils' culpability for the payment of EU fines. There will no doubt be contentious debate about that in Committee.

[Mr Stewart Jackson]

The Bill stands comparison with our party's historical commitment to civic renewal and civic pride, a golden thread which runs from Disraeli through to Joseph Chamberlain in Birmingham, Macmillan and the house building of the post-war Conservative Governments to this Bill. That is why I will vote for it later tonight.

7.34 pm

Jeremy Corbyn (Islington North) (Lab): To describe the Bill as one of the great historical Bills put before the House is to take historical hyperbole to new heights. It is ludicrous. There are more than 100 caveats on the powers that are devolved to local government, and the Conservative and Liberal Democrat Members who keep on about the joy that they have from the freedom for their local authorities will be back in the Chamber in two or three years complaining that the fire standards are worse in Dorset than they are in Warwickshire, that homeless people are more generously treated than they are in Bristol and so on.

National Government have a responsibility to ensure that there are some national standards in what is done. It is important that Government Members understand that. In addition, since 80% of all local government expenditure comes directly from central Government, the freedoms associated with the Bill are more than a little bit limited.

Hazel Blears: My hon. Friend makes a good point about the possible inequity of services in different parts of the country. Is he aware that, as a result of the cuts to local government funding currently taking place, in many areas social care is being denied to people with moderate needs and going only to those with critical care needs? Does he regard that as a good effect of localism?

Jeremy Corbyn: That is an effect of localism. That is why national standards, particularly in areas such as social care, access to pre-school education, and education in general, are so important for everyone in our society. People should be cautious of what they wish for from the Bill.

The Secretary of State, in introducing the Bill in a particularly inept and rather unsensible speech, went on to describe how Islington was not going to develop a nuclear bomb. That got a good laugh, I am sure, but it was a particularly silly thing to say. His Government are cutting £300 million from Islington's budget over the next four years. We are one of the poorest boroughs in London and we come in the top eight poorest communities in the whole country, with high levels of homelessness, high levels of dependency and relatively high levels of unemployment. A newly elected Labour local authority has taken over from the Liberal Democrats, who spent most of their time in control of Islington council on a fire sale of valuable local authority properties. So they have form in how they behave towards local government and local authorities.

My main concern in respect of the Bill and in general is about housing. The legislation enacted at the time of the first world war, and the Public Health and National Health Service Acts of the post-war Labour Government have done more than anything else in this country to eliminate bad housing and homelessness. The Bill destroys that thread of public provision of good quality housing at an economic and affordable rent. Instead, it requires local authorities to force people into unregulated, expensive, badly managed, badly maintained housing provided by private sector landlords.

Henry Smith: Will the hon. Gentleman concede that in the past 13 years we have seen the lowest amount of housing built in this country since 1924, and the lowest amount of social housing as well?

Jeremy Corbyn: I understand what the hon. Gentleman says. He was not in the previous Parliament. I was one of those who frequently demanded much more building of council housing. In the latter days of the Labour Government, more council housing was being built, and is still being built in my borough. To be fair, the Government inherited a massive bill for unrepaired estates and bad community areas, and put a great deal of money into the decent homes standard. The Labour Government should be commended for that.

The Bill undermines the principle of public provision of housing for those in desperate housing need. Instead, as I said, it requires local authorities to put people into the private sector. Imagine the situation when a homeless family appears before the local housing authority, which fulfils its duty by encouraging the family to accept a two-year, or perhaps shorter, tenancy in a private sector flat. That is the end of its responsibility. If, at the end of that minimal period, the landlord increases the rent to an astronomical level, that family will become homeless as a result of being unable to afford it, and then, according to my reading of the clauses, they will not be eligible for any further assistance from the local housing authority.

My hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) talked about rising homelessness, which is a major concern and, I think, one of the consequences of the Bill, so I urge Government Members to think very carefully about that. We have a whole generation of children growing up in inner-city areas, often in overcrowded council accommodation and sometimes in overcrowded housing association accommodation. Increasingly, however, they are in very expensive private rented accommodation, paid for by housing benefit, where the landlords do not do the repairs and there is no security of tenure. Those families are the most vulnerable people.

What is the effect on those children of sharing a bedroom with three or four siblings, of heating that does not work, of windows that are not repaired, of a gas cooker that is dangerous and of a fridge that does not work? They grow up with a sense of shame, cannot bring friends home and do not grow up the same as all the other children in their school. We have a national responsibility and duty to invest more money in housing with economical, responsible and affordable rents, and that is best achieved by investing in council housing, which has done so well for so very long in this country.

My final point on housing is that we spend billions of pounds of housing benefit on subsidising the private rented sector. The Government's solution is to cap and limit housing benefit, thereby forcing people out of what they describe as the "high-cost areas," such as those that my hon. Friend the Member for Hackney

North and Stoke Newington (Ms Abbott) and I represent. The people being forced out will move somewhere else, and as a result communities will be damaged. Other countries regulate, control and operate the private sector far better, far more efficiently and far more humanely. It works in Germany and, to some extent, in the United States, so why can we not do it here? We cannot because of the Secretary of State and his Ministers' obsession with market solutions to all problems. There are no market solutions for homelessness; there is social intervention, community investment and public operation. That is what can deal with homelessness, and that is what can lift the life chances and opportunities of some of the poorest and most vulnerable children in our community.

7.42 pm

Fiona Bruce (Congleton) (Con): I welcome the Bill as a catalyst to support, release and empower the vibrant and often untapped resources in our local communities. In recent years, many individuals and community groups have been hindered in making valuable contributions to community life by impenetrable bureaucracy and the centralised setting of priorities, or simply by a sense of disconnect between what happens in the confines of the town hall and the rest of the community. The Bill seeks to bridge that gap, and I believe that it will succeed, provided that the determination and vigour with which it has been introduced into the House is matched by similar determination and vigour to make it happen. We should be realistic about the cultural change needed to make this a reality.

I spent six years as a local councillor before arriving in this House, during which I was amazed to discover such things as the fact that the local area plan contained approximately 40 targets, but only seven of them were locally determined—the rest were centrally set. Those were six years during which I witnessed continual frustration on the part of community groups, who had much to offer but struggled to have their voice heard. One such group runs The Oaks community centre in my former ward of Penketh. The group converted a school into an excellent all-age community centre, which is popular and in daily use, but it has told me that it has struggled to obtain even the tiniest degree of public funding or support, while two other local authority community halls in the same ward have languished under-used and largely unloved—expensive capital resources, the poor use of which a community right-to-buy bid, provided for in the Bill, could have addressed.

I recall residents feeling almost a sense of grief when their historic primary school building was demolished in order to be replaced by a modern box. A local referendum, the power for which is provided in the Bill, could well have allowed those residents to have their voice heard. As it was, a local petition against the demolition, signed by thousands of residents, was all too easily dismissed, and, as if to add insult to injury, as a local councillor I was unable to vote on the issue because I had previously spoken to some of the residents about how to make their voice heard. The revision in the Bill of the rule on predetermination is much needed.

I am fortunate now to represent a constituency with a high degree of community participation. The Congleton Partnership, for example, is an impressive, well-organised and visionary group, working to ensure the sustainability and success of Congleton as a vibrant market town. Provisions in the Bill will, I hope, pave the way for the Congleton Partnership to make an even greater impact.

Provisions enabling groups such as Crossroads Care Cheshire East, of which I am a patron, to express an interest in running such services, as part of the adult social care service in which it has developed real expertise, could contribute considerably to resolving one of the local authority's key challenges and, at the same time, enable Crossroads Care to fulfil its aspiration to grow its services substantially.

Kate Green (Stretford and Urmston) (Lab): I am sure the hon. Lady is right that many excellent local community groups would like to fulfil a greater role in supporting their local communities, but does she not accept that, where those groups do not exist or cannot take on such additional responsibilities, the Bill's problem is that it creates a real gap in provision in some communities?

Fiona Bruce: I have confidence in my local authority's ability to make discerning decisions about the services required and, wherever possible, to take advantage of the excellent professional expertise that many local organisations and community groups now offer.

David Rutley: My hon. Friend makes an important point, and I know that she is very involved with the Crossroads Care charity and does an incredible amount of work in Congleton. In Macclesfield, the Bollington leisure centre is owned and run by the community, the Gawsworth village shop is owned by the community and the successful treacle market is run by the community. Is not that the way forward, rather than looking to state-based solutions every time, as the Opposition suggest?

Fiona Bruce: I so agree. The Bill provides mechanisms for greater partnership working and that, in turn, will help to release greater community energy.

The Bill sends out a signal to residents, community groups and local businesses that their views and contributions really matter—indeed, that they are invaluable if we are to enjoy the kind of local communities in which so many people whom we represent want to live. There is no other way for society to flourish, and everyone's contribution matters. No insignificant person has ever been born. It is a signal that local residents need and, I believe, deserve to hear today.

I am particularly encouraged to see in the Bill the community right to challenge. The very fact of its inclusion will promote improved dialogue between residents' groups and the local authorities that represent them. They includes groups such as Alsager Sports Partnership, representing a swathe of local residents most keen to have their voice heard about the use of the former Manchester Metropolitan university campus in my constituency as a community sports facility. The power to instigate a local referendum might also enable such a group to highlight the high level of public support for that proposal.

Small shops are essential to thriving communities. People want and value a busy high street and local employment, with the colour and character that they bring, together with the individual service and valued customer relationships that they provide. The measure enabling a local authority to demonstrate its local

[Fiona Bruce]

community's support for such enterprises by providing a business-rate free period or discount is most welcome, especially at a time of such economic challenge for many local businesses.

As I said at the outset, this Bill is most importantly a catalyst. The proposals within it for greater public participation in local democracy, the expenditure of funds to be more representative of local priorities, and the release of the immense and often untapped contributions that voluntary, faith and community groups make in even greater measure than they already do, will happen only if we make them happen—if we, as elected representatives at national level, together with our colleague councillors and officers at local level, have a determination to communicate the provisions in the Bill and the opportunities that it offers clearly, effectively and convincingly to residents, businesses and community groups. We must work practically with them to make localism happen and to ensure that the signal in the Bill saying "You matter" is sent out to local residents, so that an opportunity to make a positive difference in our local communities is offered to all. Then people will see that under these proposals, real localism is there for the taking. In voting for the Bill, let us commit ourselves—

Madam Deputy Speaker (Dawn Primarolo): Order. Time is up, I am afraid.

7.50 pm

Dr Alan Whitehead (Southampton, Test) (Lab): When the Secretary of State introduced the Second Reading of this illuminatingly entitled Bill, I was reminded of Humpty Dumpty's phrase in "Through the Looking-Glass":

> "When I use a word...it means just what I choose it to mean neither more nor less."

For the avoidance of doubt, I do not wish in any way to associate the Secretary of State with Humpty Dumpty, nor to suggest that the word "localism" is capable of as many meanings as one wishes to put on it. However, the Bill's title—incidentally, this is the first time that I have come across a Bill named after a tendency—suggests to me that it is intended, to some extent, to persuade people that opposition to it is fruitless, because if one is not in favour of localism, one must be in favour of centralism, and that is a bad thing.

I am very much in favour of, and have long proposed, localism and decentralisation from central Government and to local government. However, it has to mean something. The Bill contains several things that are very much along the lines of the move towards localism and devolving power from central to local government, but for those on both sides of the House and Governments of both colours, current and previous, there has always been a tension between the extent to which power can properly be devolved from the centre and the wish of the centre to hold on to elements of reserved powers or financial control. This Bill departs not a whit from that dilemma, and that is not only because it includes 126 powers that the Secretary of State can use in order to remove its potential effects. Localism, at its heart, must have about it the idea of agency—that is, the agency of a local aim or project to achieve its end. In this context, that is akin to the consideration of whether one can dine at the Ritz or dine in the shop doorway next to it. If one does not have the agency to afford to dine at the Ritz, one dines in the shop doorway.

Mr David Ward (Bradford East) (LD): Does the hon. Gentleman agree that it is possible that those on both sides of the House are right and wrong, in that some communities will flourish and fly with new-found freedoms and rights, while others without resources, leadership capacity and social capital may be left untouched and probably further behind?

Dr Whitehead: I do agree with that difference. Also, however, if the agency is not there in order to make those changes, if there is not the necessary financial devolution, and if there is the current extent of cuts to local government services, then many of the aims and wishes for devolution of power to local government are meaningless. The Bill provides for no financial devolution away from the current system of considerable centralism as regards council tax raising, and the Secretary of State has the power to change any figures that the local authority comes up with in the way that it defines council tax.

Localism means ensuring that decisions are made at the right level. Under the Bill, there appear to be two types of decision on planning—the neighbourhood decision or the national decision, with nothing in between. The truth about localism is that decisions do not always have to be taken at the very lowest level, but they should be taken at the appropriate level. I, for one, want to live in a sustainable community. I want my waste to be dealt with efficiently and my transport to be run efficiently. All those things involve decisions planning and operation that are larger than local. Bearing in mind that the regional spatial plans and the national plans have been removed for everything but national infrastructure proposals, unless the Bill contains effective measures that enable effective co-operation to take place between local authorities, that gap will exist, and I am afraid that people will come to regret it in future years.

Barry Gardiner: Does my hon. Friend agree that in order to resolve that issue it is important that the Bill should have a presumption in favour of sustainable development within the national planning framework?

Dr Whitehead: Indeed, I completely agree. There should be such a presumption in the Bill and there should be considerable strengthening of the requirement to co-operate between local authorities, because the requirement in the Bill merely means that people have to talk to each other a bit.

If we are really localists in what we are doing, it is essential to get the different levels of planning right. It is not just about a neighbourhood decision or a national decision, but about getting the decision right in terms of what it means. If we come back to this House in a few years' time having not built the houses and not given ourselves sufficient capacity to deal with this new era of waste and resource management, and if we have found that some of the decisions that we have taken at very local level mean that we have moved away from our climate change targets instead of making the necessary concerted effort to move towards them, we will seriously live to regret that gap in the Bill.

At the very least, we should ensure that this Bill is not enacted until a national planning framework is in place and the national planning statements have been discussed and sorted out by this House. The Bill must sit in a proper framework that means that local, regional and national planning work together for the benefit of the people who stand to gain most at local level.

7.58 pm

Andrea Leadsom (South Northamptonshire) (Con): The lovely English countryside of my home county of Northamptonshire was the scene of many battles during the English civil war. Over the past 13 years, it has felt embattled by the previous Government, with the regional spatial strategy determining, top down, the number of houses and where they should be. I have knocked on so many doors where people have told me the horrors of being stuck in their houses, with traffic gridlocked, unable to get out or to get their children to school. I even had a pregnant lady tell me that she would not be allocated a midwife because there was not enough infrastructure in place to provide the basic core services. All that is top down, with no possibility of local communities having a say in what goes on in their area. I applaud the Bill, and I am very glad that we have brought it to the Chamber at an early opportunity. I welcome the fact that Front Benchers have been to my constituency to try to explain to people how it will work and give them back some say over their own lives.

I will use my few minutes to focus on one aspect of the Bill: wind farms. They are dealt with in the Bill almost by default. I will focus on wind farms because they are causing great unhappiness in many communities across the country. I recognise that the Government are committed to solving the big problem of the energy gap that will open up in the last part of the next decade, thanks to the failure of the previous Government to deal with the need for new energy sources. I recognise that we will have to use renewable energy as a key part of providing for our energy needs in the late '20s, but we must allow local communities a say over where the wind farms should be sited.

Alison Seabeck (Plymouth, Moor View) (Lab): Is the hon. Lady aware that all wind farms of more than 50 MW will be exempt from the local consideration that she seems to think they will receive?

Andrea Leadsom: Yes, I was coming to precisely that point. In the Bill, onshore wind farms of less than 50 MW capacity will become part of neighbourhood plans. Communities will have a say over the siting of wind farms, and over whether they are willing to have a wind farm in some of the sensitive sites for which developers are putting in applications. I intend to table an amendment to propose that the capacity of onshore wind farms that fall within neighbourhood plans be increased to 100 MW, in line with offshore wind farms, to avoid the consequence that developers might make applications for ever larger wind farms in the hope of circumventing communities and neighbourhood plans.

I would be grateful to the Minister for confirmation that my understanding of the Bill is correct and for a better understanding of the appeal process. If a local community does not have a wind farm as part of its neighbourhood plan, will the Secretary of State be able to overturn the plan on appeal from a developer, or will communities really be empowered to determine whether they are willing to have a wind farm in their vicinity? I urge the Government to consider the ten-minute rule Bill that was introduced by my hon. Friend for Daventry (Chris Heaton-Harris), which I supported, and the Bill introduced in the other place. They both proposed a minimum distance from communities. All those points will serve to provide far greater local say over the siting of wind farms.

In summary, I welcome the Localism Bill. It is a huge opportunity for communities finally to have a say over what happens. At the end of the day people have only their lives, their communities and their families. If they are unable, as has been the case for the past 10 years, to determine what goes on on their doorstep, it is a very bad day for democracy. The Bill seeks to change and transform that in one major and important piece of legislation, and it must be welcomed by the whole Chamber.

8.3 pm

Barry Gardiner (Brent North) (Lab): The Bill draws two important aspirations of the Government into conflict. The Government have said that they want to be the most decentralising Government ever, and that they want to be the greenest. Those two aspirations are difficult to reconcile. To meet the renewables obligation and keep the lights on in the United Kingdom, the Government will have to deliver £200 billion of investment in energy infrastructure in just nine years. To meet their obligations under the waste directive, they will have to deliver up to £20 billion of investment in plant and equipment for new waste and recycling infrastructure in the same period.

Of course, it is right that local people have a say in local planning issues. However, the flaw in the Bill is that it peddles a myth that thousands of decisions taken by atomised local communities up and down the country will somehow amount to a coherent vision for the national and regional infrastructure that we all require. There is a false parallel between the responsibilities of elected parish councillors and Government Ministers. Parish councillors and the people who may constitute neighbourhood forums have an obligation to secure the best outcomes for their local community. Their vision is rightly limited to the immediate boundaries of their neighbourhood; so should be also their powers. Clause 90 specifies a duty on local councils to co-operate on the planning of sustainable development. I welcome that, but there is no obligation on them to co-operate positively to bring about sustainable development infrastructure.

The Government must take a wider purview. To relinquish that responsibility is not to devolve decisions about strategic infrastructure to local neighbourhoods, but to ensure that no one takes those decisions. It is not devolution of power, but abrogation of responsibility. My hon. Friend the Member for Islington North (Jeremy Corbyn) spoke eloquently of the inequalities that may result in housing and the provision of other services across the country as a result of the Bill.

Dr Whitehead: Does my hon. Friend accept that the cumulative impact of the proposals on sustainability must inevitably be considered outside particular areas? Does he propose that a mechanism be placed in the Bill

[Dr Whitehead]

to reconcile local decision making, the duty to co-operate and the cumulative impact of the developments on sustainability?

Barry Gardiner: That is exactly what I propose.

My hon. Friend the Member for Islington North made a powerful point about the inequalities that will accrue across the country, but my point is different. The failure of Government to take strategic decisions will not simply result in inequality, but will be to the detriment of us all. Regional strategies were abolished by the Secretary of State. A duty to co-operate is no substitute.

The national planning framework must provide a clear direction to councils to enable a network of energy and waste management sites and facilities. Such a direction should not be left to secondary legislation. The Government should introduce in the Bill a presumption in favour of sustainable development that accords with the national planning framework. The Bill will create uncertainty in the business plans of those who want to invest in our country's infrastructure. That will be as devastating a block on development as the increased voice for those whom outsiders sometimes call nimbys.

The Bill suggests that a neighbourhood forum could be constituted by as few as three individuals, and that such individuals need not live in the area. Does the Secretary of State not think that giving membership to those who merely want to live in the area is, even by his standards, a rather slack criterion?

Neil Carmichael (Stroud) (Con): I recognise the hon. Gentleman's focus on and work for sustainable development, but does he not accept that local people are capable of making decisions about their own interest in and desire for sustainable development, consistent with the can-do approach of the Bill?

Barry Gardiner: Of course it is perfectly possible for individuals and local communities to consider sustainable development needs, but it is not possible, and indeed not right, that within our democratic structure those decisions should be devolved to such a level. We need strategic planning on a national basis, and that cannot be provided by parish councillors.

Neil Carmichael: Will the hon. Gentleman give way?

Barry Gardiner: I will not give way further, because time is short and other Members wish to contribute.

The delays of up to 12 months in even holding a referendum on planning issues will introduce a new blight of delay into the process. Such delays can be fatal to major development plans, yet a referendum could be triggered by just 5% of the local population. I pray that the dangers that I believe are inherent in the Bill will not come back to haunt the Government.

In six or seven years, as the hon. Member for South Northamptonshire (Andrea Leadsom) said, 30% of our energy provision will come off stream, which is a large gap to fill. The Under-Secretary of State, the hon. Member for Bromley and Chislehurst (Robert Neill), said earlier in Communities and Local Government questions that the Bill would be about enabling people to resist development in their area through the neighbourhood plan. How sad, how tragic, that that is the Government's stated intention. I pray that they will not live to regret this Bill in government, because I pray that in six or seven years they will no longer be in office.

8.11 pm

Jack Lopresti (Filton and Bradley Stoke) (Con): One of the messages that I hear on the doorstep is that for my constituents one of the biggest failures of the previous Administration was the culture of central Government control that they perpetuated. It was a restrictive and domineering culture that affected the local community detrimentally, with decisions being made in Westminster and Whitehall that bore no resemblance to local feeling and showed no understanding of it.

When the new Government pledged a fundamental shift of power from Westminster to local people in the coalition's programme for government, it was therefore very welcome indeed. The Government have since promoted decentralisation and democratic engagement, and the Bill will end the era of top-down government by giving new powers to local councils, communities, neighbourhoods and individuals.

My firm belief is that the Bill will be a landmark piece of legislation. It will remove the inflated power of central Government in local decisions and the top-down control of communities, and it will liberate local people by restoring their freedom to run their own lives and neighbourhoods in the way that they and the local community see fit.

The Bill will give control back to local people and communities. It will give our constituents the opportunity to hold their local authorities to account, and they will have the power to take over services through a new right to challenge. As a result, local people and communities will have a real say in their areas, a new right to bid to buy local assets and a new right to veto excessive council tax rises through a referendum.

My local council, South Gloucestershire council, is offering the community the right to buy even before it has been implemented. It is giving the Save Conygre house campaign group, which is behind efforts to save the historic Conygre house, in Filton where I live, the time and space to build a business case for taking on the facility and making it a focal point for the Filton community. With this Bill, councils throughout the country will be encouraged to follow suit, which I know local communities will welcome with open arms. All the new measures can only be of benefit to our communities, and they will lead to a new era of public engagement in local government. The new rights will plant the seed of local commitment and responsibility for our local areas.

For councils, the Bill will fundamentally change the restrictions on their freedom and autonomy. It will devolve significant new powers to them, including new freedoms and flexibilities, and enable them to act in the interests of their local communities through a new general power of competence. Rather than needing to rely on specific powers, they will have the legal reassurance and confidence to innovate, drive down costs and deliver more efficient services.

It is clear that many councils have been calling for legislation such as this for many years. Back in 2009, South Gloucestershire council's Conservative cabinet used the Sustainable Communities Act 2007 to call on

the previous Government to scrap the regional spatial strategy, with its target of 32,800 houses for the district, and to call for small business rate relief to be paid automatically. The previous Government sat on the proposals, but the coalition Government have now confirmed to the council that both demands will be implemented through the current Bill.

I have long advocated the idea that large cities would benefit from elected mayors. I fully support the Government's pledge to introduce elected mayors for the 12 largest cities outside London, subject of course to local referendums and full scrutiny by elected councillors. I believe that elected mayors would boost democratic engagement, as has been demonstrated in the London mayoral elections. An elected mayor for a city such as Bristol would benefit local people, because that person would enhance the city's prestige and civic pride. The city would also benefit from the strong leadership that the position would enable its holder to enact, and from a clear demonstration that somebody was publicly in charge and taking responsibility. There would also be better clarity and accountability in decision making.

The reforms in the Bill will let councils and communities run their own affairs, which will serve to restore civic pride, democratic accountability and economic growth and build a stronger, fairer Britain. The Bill will mark the end of the era of big government and lay the foundations for the big society.

Oliver Colvile: On a point of order. Madam Deputy Speaker. When I intervened earlier, I should have declared an interest as per the Register of Members' Financial Interests. I wish to apologise profusely.

Madam Deputy Speaker (Dawn Primarolo): Thank you very much. You have corrected the record, and I sure that the House is grateful. That was not strictly a point of order, but I understand your need to get it on the record and thank you for doing so.

Several hon. Members *rose—*

Madam Deputy Speaker: Order. A lot of Members wish to speak. The time limit is at five minutes, but it would really help colleagues if Members could manage to speak a little more briefly than that.

8.16 pm

Mr Gordon Marsden (Blackpool South) (Lab): Members may be familiar with the old adage, "If wishes were horses, beggars would ride." The hon. Member for South Northamptonshire (Andrea Leadsom) talked about wind farms, and if all today's windy rhetoric were capable of carrying the Bill to successful fruition, it would do so.

I remind Members that localism is not just a waffly concept. It needs to be seen in practical terms. We talk about bottom-up government, but what does that mean and how does bottom-up activity happen? We talk about co-operation and collaboration, and I point out to the House, and particularly to Ministers, that a whole swathe of activity that is absolutely essential to the prosperity, growth and collaboration of local communities has been completely ignored in the Bill: that is economic growth and the co-operation and participation of business in the process.

I come from what I call a second-tier town, Blackpool, in a coastal area. Regional development agencies have not had a good press, certainly not from Ministers. But without them towns such as my own would not have got on to the first step in regeneration. Money was put into transport and the tower headland, and the local council imaginatively took over local assets such as the Winter Gardens.

We need proper mechanisms to replace the ability of the RDAs to work for economic growth and progress across parochial council boundaries. Sadly, the Government have so far been singularly inept in that regard. The local enterprise partnerships—the sickly infant that they have brought forward as part of the process of getting rid of the RDAs—have not even merited a mention in the Bill, as my right hon. Friend the Member for Don Valley (Caroline Flint) emphasised. Members talk about generating growth and are rightly concerned about how small businesses can contribute, but their communities will suffer unless the voice of business is listened to and the matter is taken seriously and covered in the Bill.

I want to remind the House of what some organisations have said about the need for a greater emphasis in the Bill on powers to involve businesses in local projects. Part 5 of the Bill deals with planning and the duty to co-operate. The Federation of Small Businesses believes that LEPs could be an appropriate level for such involvement, but has concerns about their capacity to take on the roles currently proposed for them because of a lack of capacity and funding. The FSB states:

"We are disappointed that in the Bill there is no mention of LEPs"

It says that LEPs "have significant potential" but that that

"would be enhanced if the partnerships were given basic start up funding alongside statutory recognition of their basic roles in specific areas."

The British Retail Consortium says exactly the same sort of thing. It states that it is "vital" that regional development agencies

"are replaced with LEPs that are fully fit for purpose, with a strong business voice".

On clause 90—the duty to co-operate—the British Chambers of Commerce says:

"The clause needs to be amended to include a stronger form of enforcement. It is within the scope of the Bill to amend this clause to grant Local Enterprise Partnerships a"

proper

"scrutiny role over the duty".

The message to the Government is therefore loud and clear. They need to do something to make localism, and the dynamism that they want to release from it, a business fact on the ground. That should unite Members who represent rural, suburban and other areas. We have given the Government a lot of trouble and had some fun with them by describing the proposed process as Maoist and chaotic, but I remind the Minister and his colleagues of the words of Thomas Hobbes, who said that

"covenants, without the sword, are but words".

If we do not have the sword—in the form of proper consultation with, and involvement of, LEPs—we will all be the poorer.

8.21 pm

Alok Sharma (Reading West) (Con): Hon. Members on the Government side of the House campaigned vigorously for more localism in the years leading up to the general election. We campaigned for returning genuine power to our local communities, and for allowing local people to have a real say over how their communities look and feel. Promoting localism is in the DNA of this coalition Government and a key hallmark of the Bill is reversing Labour's 13 years of centralisation. This is a wide-ranging and ambitious Bill and I welcome it, but given the constraints on time this evening, I shall focus my remarks on the Bill's proposals to reform the planning system.

During the general election, my Labour opponent spoke in favour of top-down housing targets imposed by unelected quangos and rubber-stamped by Whitehall bureaucrats.

John Howell (Henley) (Con): He lost!

Alok Sharma: Indeed he did.

Labour's clear message appeared to be that we cannot possibly trust local people to make decisions on planning at a local level.

Nicky Morgan: Does my hon. Friend agree that that top-down approach has not worked? There are fewer houses being built now than in 1997.

Alok Sharma: My hon. Friend is absolutely right. Under the previous Conservative Government between 1979 and 1996, an average of 171,000 homes were built every year across England. By contrast, under Labour, with its top-down approach and targets, an average of only 145,000 homes were built each year between 1997 and 2009.

The problem with the current planning system is that it is not seen to be fair to local communities. It seeks to drown out their voices rather than to amplify them. Despite the clear wishes of local communities and local councils, the local view is that developers eventually ram through inappropriate developments on appeal.

Stephen Gilbert: Does my hon. Friend agree that one thing missing from the Bill is the third party right of appeal, which would be another tool in the armoury of local residents?

Alok Sharma: My hon. Friend makes an interesting point, and I am sure that the Minister will take it up when he responds to the debate.

The perception is that there is little upside for local communities in taking larger developments in their area. All such developments seem to offer is more traffic, more congestion, more pressure on local public services, the loss of valuable green spaces and amenities, and a detrimental impact on the local environment. Overall, the current planning system seems to lead, in many larger development proposals, to a gladiatorial contest, pitting local residents against the might and resources of developers.

Neil Carmichael: Will my hon. Friend give way?

Alok Sharma: No, I will not.

Some of those who are opposed to localism will argue that the Bill will encourage nimbyism, but I could not disagree more with them. Let me give hon. Members a couple of recent examples from my constituency that demonstrate that communities are willing to accept new homes that fit into the local area.

The Bath road reservoir site is a 5.4 acre green lung in the centre of Reading. It is owned by Thames Water, which first tried to get planning permission to build on it 13 years ago. Three years ago, it resurrected its plans to develop the site and proposed a scale of development that was completely unacceptable to the local community and out of character with the local area. With the fantastic local campaigners of the Save the Bath Road Reservoir campaign group, I met the then chief executive of Thames Water. As part of our discussion, we suggested that it may want to consider a smaller and more appropriate development, but the local community's voice fell on deaf ears.

Thames Water submitted a planning application that did not have the support of the local community. The application was subsequently rejected by Reading borough council, but Thames Water appealed against the decision. We found out last week that—thankfully—the appeal has been rejected. What was the result of the 13 years of time, effort and money spent by all parties involved? Zero new homes were built on the site. A more collaborative approach might well have delivered some housing.

The Underwood road precinct site in Calcot in my constituency is another example. The site has lain derelict for many years. Local residents want it developed but it is the same story all over again. The developer refused to listen to the views of the local community and proposed a development on a scale completely out of keeping with the local area.

A hugely motivated local residents campaign group formed to oppose the inappropriate plans, and ultimately the planning application was rejected a few weeks ago by West Berkshire council. What was the sum total of all the work undertaken by the various parties? Zero new homes were built, and yet residents have been crying out for some appropriate development on that site.

Local communities recognise the need for more housing, but they want new houses to be built in a manner that is sustainable, that provides the infrastructure to support local residents and, above all, that gives them a real say in how their communities look and feel. I believe that the Bill goes a long way towards achieving those aims.

I welcome the abolition of regional strategies and the opportunity for local residents and communities to influence how their local area looks. I welcome neighbourhood planning, which will allow neighbourhood groups to turn a vision for their area into a framework with which developers and residents alike can feel comfortable.

I welcome the community infrastructure levy alongside the new homes bonus, which will allow residents who are directly affected by development to realise real improvements in their area to compensate for any effects of living alongside extra housing or other developments. I also welcome meaningful pre-application consultation, which will encourage a constructive dialogue between local communities and developers.

In conclusion, we need to trust local communities and let them take a lead in creating local neighbourhoods of which they can be proud. The Localism Bill provides the mechanism for just that, and I commend it to the House.

8.27 pm

Kate Green (Stretford and Urmston) (Lab): Of course, I welcome the intention of the Bill—we are all in favour of more local autonomy—but I have struggled to make sense of it. The Bill is a hotch-potch of ideas and prejudices that in many cases pander to passing fashions.

I have one underlying and unifying concern. There seem to be insufficient guarantees within the Bill for the poorest and the weakest and those without a voice. They are not sufficiently protected, and I very much fear that unpopular causes and disadvantaged communities will be left behind.

I want to highlight two issues that cause me particular concern. The first relates to social housing, which the Government seem to see as a residual housing solution only, and not the bedrock of strong families and communities that it could be. Removing regional spatial strategies, limiting the length of social tenancies perhaps to two years only and requiring homeless people to take up accommodation in the private rented sector—accommodation that might be unstable or unsuitable for their family's needs, and accommodation from which they might be forced to move repeatedly—will be bad for communities, children and families, and many people will simply fail to put down roots. It makes more likely poorer outcomes for those families and communities, and I am at a loss to understand why a Government who have said they care about neighbourliness and community strength would want to go down this route.

Sheila Gilmore: Does it not strike my hon. Friend as odd that a Government who have said that above all else they want to encourage people back into employment are providing that someone who gets one of these desirable housing association properties and finds employment might lose their house? Will that not be a disincentive to finding employment?

Kate Green: My hon. Friend makes my next point: there is a complete lack of logic in people who better their circumstances by moving into employment running the risk of being moved out of their home. I cannot understand why Ministers feel that that supports their objectives and ambitions for increasing employment, and I hope that in responding to the debate the Minister will pick up on that point. I am also at a loss to understand what possible incentive there will be for people who think they might be in social tenancies for only a very short period either to maintain the quality of that housing—to care for it, keep it clean, well decorated and well maintained—or to participate in community activities, as the Government desire.

I also have questions about the proposals for the planning system. I want to question Ministers about the strength of their commitment and seriousness. I must warn them that local people are interpreting for themselves the references to considerable levels of influence and autonomy in making local decisions, and I want to know whether Ministers can guarantee—and intend—that level of influence and autonomy. I have an example of a live issue in my constituency: an active local campaign group, the Breathe Clean Air Group, has been campaigning against the location of a wood incinerator, against which hundreds of residents marched to object only last weekend. Local campaigners are already pointing to the Localism Bill as a means to give them the ability to stand up to what they see as a large commercial interest. Will Ministers give us clarity and assurances about what exactly they mean when they say that local people will have a voice?

I consider the Bill to be poorly thought through and irresponsible, often reflecting only knee-jerk populism and being in danger of raising false hopes. I am particularly concerned for people in Stretford and Urmston, who have lost out repeatedly in trying to ensure that under Tory-led Trafford council the poorest wards in my constituency are properly protected. I am very concerned that the Bill serves merely to legitimise such an approach.

8.33 pm

Sheryll Murray (South East Cornwall) (Con): Power is when the buck stops with the individual. If we are to give our councillors a real say over planning applications, it is councillors who must take the final decision, not a planning inspectorate. At the moment, all too often, our planning authorities are seen as a hurdle that developers must jump over before the Government make the final decision on appeal. This must change for all except projects of wider significance, such as motorways and railways, if local councillors, as those who are accountable to the people, are to have real power in their local area.

We need to stop micro-managing councils through inspectorates on local issues such as supermarkets and housing developments. We must also give power to councillors to delegate planning decisions where appropriate. At the moment, such decisions are delegated mainly to officials. In Cornwall, officers make more than 90% of decisions. One key way of bringing back more accountability to many smaller planning applications is to make use of our tier 1 parish and town councils. They are as capable of making decisions as any other democratically elected councillors, although one would not believe it listening to Labour Members say that these poor people are not able to make decisions.

Oliver Colvile: Does my hon. Friend recognise that urban conurbations do not have the same opportunities to engage as parish and town councils? The Local Government Act 1972 allows for referendums in villages, but they would not necessarily be held in urban conurbations and cities such as Plymouth. Would it not be useful to include that in the Bill?

Sheryll Murray: I take on board what my hon. Friend says, as, I am sure, will our right hon. Friend the Minister.

We have 213 parish councils in Cornwall that could be of great help to the planning process, both in statutory consultation on bigger applications and by taking decisions on smaller ones. Although planning documents, such as the structural plan, are important, local councillors should have the final say, case by case—for example, on unexpected proposals that will bring about genuine good for the area, such as an area of outstanding natural beauty bring suitable for a particular tourism development. Councils would be in a much stronger position in the all-important initial negotiations with developers, ensuring the best deal possible for residents.

[Sheryll Murray]

I welcome the proposal to give local people a real say on important issues through referendums. There are many controversial issues in Cornwall, such as parking costs, that might warrant giving local people a say. I am pleased that my local councillors have listened and realise that a one-size-fits-all solution will not work, because there is a big difference between the small, struggling town centre that is desperate to attract more people and the large city car park with access to department stores. We also have many villages that were built before the car was even invented, where residents rely on communal parking facilities because of the narrow roads and lack of on-street parking. Moreover, there are tourist towns where demand varies throughout the year. It is clear that more decisions need to be made at a local community level, and referendums can play their part in making the more difficult decisions where people need to be consulted.

I campaigned on the issue of weekly bin collections and am delighted with the Government's rhetoric. The last few weeks of bad weather have shown how essential this is. Local referendums would quickly show those who doubt the importance of this essential service.

Alison Seabeck: The hon. Lady is quite rightly talking about the importance of referendums to local communities, but if, as her colleagues on the Front Bench say, there should be a freeze on council tax, who will fund those referendums?

Sheryll Murray: I am sure that my right hon. Friends on the Front Bench can ensure that, if a little thought is given to the question, referendums take place at very little cost.

I strongly believe that we should have a referendum before any move to make weekly bin collections fortnightly. I hope that local councillors from all parties—although the Opposition seem reluctant to do this—will welcome referendums and give people their say when appropriate.

With greater power being given to councils, we must also ensure that they are in a position to act more appropriately. We have all heard about ridiculous rulings from over-zealous health and safety officers. We must give them, and the many other officers, the opportunity of better training, qualification and registration to ensure that common sense reigns.

Overall, I welcome the Bill and I look forward to giving powers from this place to our local councils and to the councillors who have been democratically elected to take them. That is why I will support the Bill tonight.

8.40 pm

Sheila Gilmore (Edinburgh East) (Lab): Beware of Greeks bearing gifts—or perhaps it should be gifts of jars of pickles; I am not quite sure.

In Scotland, we have more than three years' experience of what the end of ring-fencing means. Its end was welcomed by a lot of councils of various political persuasions, although I am glad that the Labour group on my own council did not fall into the trap of thinking that it would get more power as a result. That did not happen. At a time when a council tax freeze was being imposed on Scottish councils, taking away ring-fencing did not increase the freedom of local councils to make decisions; rather, it reduced it. More importantly, it prevented some important policy initiatives from being pursued. An example is the Supporting People programme, which was funded to provide preventive services to help people to stay in their own homes for longer and to prevent new tenants from being evicted because they did not have enough support to learn how to budget and manage their tenancies.

Ending ring-fencing in a financial climate in which a Government's priority often has to be the statutory and crisis services has resulted in the slow-burn, long-term preventive work suffering. I predict that the same will happen up and down the country, especially as the past three years have been relatively benign in Scotland, compared with what is about to hit local authorities in England and, because of the Barnett consequentials, in Scotland.

We have also heard about the community right to buy, and, yes, we already have that in Scotland, as the hon. Member for Leeds North West (Greg Mulholland) pointed out. Without funds to buy, however, it becomes an empty gesture. A community group in my constituency is setting up a community development trust, and it is very keen to go ahead. It knows which buildings and facilities it would like to take over, but at the moment it has absolutely no hope of any funding to enable it even to get started. When I was down here last summer, I took the opportunity to visit Shoreditch community development trust, which I had heard a lot about. It has done some fantastic work, well in advance of the big society, but the crucial factor in getting it started was the £3.8 million of Government funding that enabled it to take the first steps towards acquiring facilities that it could use to lever in more investment and facilities. Without funding, these proposals could become an empty gesture.

On the housing provisions in the Bill, I have no objection to alternatives to traditional social housing if they constitute a genuine addition. If not, they will make the situation worse, not better. However, partly as a result of the Bill and partly through what has already been announced, the burden of paying for new housing is now going to fall on tenants, who will have to pay higher rents. They will also find it harder to get work, or might find that there is a disincentive to get work. There is a role for mid-market housing. We have some in my area, and there is a group of people who need and want it, but it is not a substitute for subsidised, low-cost housing.

Nor is it right that people who move into the new housing now being built should be expected to move on after only a short time. To those who say that that will apply only to new tenants and that it will not affect others, I say that this is just the start. Various Conservative think-tanks have made this proposal over the past few years, but when I told people in the housing movement about it before the election they just laughed and said it would never happen. People should not believe that this will stop at new tenants; before we know where we are, security of tenure will be gone.

8.45 pm

George Hollingbery (Meon Valley) (Con): First, I pay tribute to the hon. Member for Sheffield South East (Mr Betts), the Chairman of the Select Committee, who

made many reasonable points in his admirably non-partisan contribution. I shall leave it to Front Benchers—it is probably politic to do so—to work out which ones were reasonable, and move swiftly on.

The Bill provides us with the opportunity to change things locally. It could re-engage civic society in a way that we have not seen for an awfully long time. For too long, local politicians—those closest to local people—have been regarded as empty vessels, simply resonating to the words of Whitehall. I really think that the Bill presents an opportunity to change that, which I greatly welcome.

We are short of time, so I shall run through a number of the Bill's measures very quickly. Getting rid of the Standards Board for England has to be the right thing to do. It was a cipher for partisan activity in local politics and its passing will not be mourned by anybody. On predetermination, the most ludicrous situation existed, whereby people could be elected to champion a local cause yet not be able to take part in the decision. What an unbelievably crazy situation that was! I greatly welcome the board's passing.

Under new rules in the Bill, illegal occupation means that planning permission cannot be applied for. Again, that it is much to be welcomed. My local councillor points out that it is unlikely to lead to people being moved on any faster, but it will at least protect the land from being developed in the future. I think that that is also to be hugely welcomed.

Mark Pawsey (Rugby) (Con): Will my hon. Friend give way?

George Hollingbery: I do not think I shall, as I have been asked to be extremely rapid.

Tenure reform was essential, and I believe that a change to a potential 80% of market rent in social housing is also very sensible for the simple reason that it is about recycling assets. It is about building more social housing; getting more income from people means more social housing being built in the future. That must be welcomed.

Sheila Gilmore *rose—*

George Hollingbery: No, I am not taking any interventions.

Finally, let me end with a few remarks on neighbourhood planning. I very much welcome the clauses on neighbourhood planning, which could seriously re-engage local people in deciding how their area looks and feels. I have some specific issues with the drafting. What is a neighbourhood forum? Who is in it? Who do they represent? Is it based on geography, is it a political group or is it a religious group? The Bill does not speak to that. At the moment, it requires only a constitution, three people and the interests of local people at heart. It does not refer to all local people, just local people. I think that those terms need to be pulled together and local councils need a better rubric against which to judge applications so that they can be rejected securely. The same applies to local areas. At the moment, a local area could be as small as a single street, which is not terribly helpful. I believe that that provision could be tightened.

Finally, a referendum to approve a neighbourhood plan or a neighbourhood development order will have no turnout restrictions. Where a small street has only 150 qualifying members, only 20 or 30 people might need to turn out to approve a neighbourhood development order. We need to make absolutely sure that the Bill provides for consultation to be as wide and as in-depth as possible, which will not happen unless the orders are modified.

Given the time available and in the interest of other Members speaking, I shall finish there.

8.48 pm

Toby Perkins (Chesterfield) (Lab): It seems almost an exaggeration to call the Localism Bill a Bill. It is really 400 pages of the Secretary of State's incoherent streams of consciousness, largely unconnected and all focused on different parts of local government legislation. In so much as it is a Bill, it is a sham.

In the context of the massive cuts to local authority funding, it is disgraceful to suggest that local authorities now have more powers. Authorities know that the only power they have been given is the choice of what to cut. Whether they slash the voluntary sector or refuse collection, planning services or housing, the only authority that they will have is, as I say, the choice of what to cut. The poorest will be hit hardest by cuts to local authority spending—both because they use the services most and because the poorest councils have been the hardest hit.

Neil Carmichael: I should be fascinated to learn why Labour Members simply do not trust local people. In France and Holland there is strategic planning at one level, but at local level people have a huge amount of capacity and ability to shape their environment. I know France well, and I know Holland well. I have seen how the system works in those countries, and I do not understand why you do not believe that it can work here as well.

Toby Perkins: I do not know why you were the recipient of that attack, Madam Deputy Speaker, but, assuming that the hon. Gentleman was talking about the Labour Government, I think that he should have listened to what I was saying. What I was saying was that local authorities will not have the capacity to influence their areas when faced with spending cuts as great as those with which they have been hit at this point. That is the fundamental difference.

As we have heard today from speaker after speaker, the removal of the housing targets will mean the building of less housing. In the context of a massive housing crisis and a growing population—

Sheila Gilmore: Does my hon. Friend agree that it is ridiculous to suggest that transferring the cost of new housing from the state to the tenant will give councils and housing associations more money with which to build houses?

Toby Perkins: Absolutely, but that is by no means the most ridiculous suggestion that we have heard today. According to the hon. Member for Meon Valley (George Hollingbery), there is to be an affordable housing boom. He believes that tons more houses will be built, although successive Conservative speakers have rejoiced in the fact that local authorities will now be able to tell developers to clear off and prevent the increase in housing provision that we so clearly need.

[Toby Perkins]

In the face of a savage housing crisis, when local authorities are being hit by the toughest funding settlement in living memory, we are expecting the enactment of legislation which—as the Under-Secretary of State for Communities and Local Government, the hon. Member for Bromley and Chislehurst (Robert Neill) made clear—ensures that, ultimately, those in the greatest need will bear the greatest burden of paying off the debt. What the hon. Gentleman said at Question Time at the beginning of the current Parliament is coming true, and the Bill is just one example of the way it will do so. We are seeing the Government abdicating all responsibility for housing targets. We are seeing—

Brandon Lewis: Will the hon. Gentleman give way?

Toby Perkins: I have already taken a couple of interventions, and I know that a number of other Members wish to contribute.

We are seeing a Government who are no longer making housing provision a priority. Largely owing to the toxic legacy of a previous Tory Government, the last Labour Government spent their early years clearing up the disgraceful state of our social housing. As a result, so much money was invested in the decent homes programme that the housing shortage was allowed to become worse and worse. Only during the last three or four years could major social housing developments take place.

Brandon Lewis: Will the hon. Gentleman give way?

Toby Perkins: Briefly.

Brandon Lewis: I thank the hon. Gentleman for giving way so graciously, but, notwithstanding his comments about social housing, does he accept that, according to Shelter, seven of the top 10 providers in the country are Conservative-controlled councils?

Toby Perkins: I certainly accept a comment made by Campbell Robb, Shelter's chief executive, who said:

"It is unbelievable that at a time when every two minutes someone faces the nightmare of losing their home, the government is proposing to reduce the rights of homeless people who approach their local authorities for help."

What I also understand about the housing crisis is that the state of the rebuilding programme that was beginning to be implemented is being fundamentally eroded by the Bill. The Government's policies are leading to confusion and chaos and, according to the National Housing Federation, to the loss of 160,000 desperately needed new homes.

Mark Pawsey: Will the hon. Gentleman give way?

Toby Perkins: I am afraid that I am going to carry on now.

During the final sitting of the Communities and Local Government Committee that I attended, we interviewed eight witnesses about the regional spatial strategies. The opinions of those witnesses were diverse; some were deeply hostile, while others thought the measures were a step in the right direction. However, those eight people of different opinions were united on one thing: the strategies for house building proposed by this Government will, in fact, lead to a reduction in the number of houses being built, and to the homeless crisis getting worse.

These proposed Government policies have therefore united opposition from both ends of the spectrum of interested parties. Shelter says that the housing crisis will get worse and Derbyshire and Nottinghamshire chamber of commerce has written to me today saying that, while it welcomes the Minister's intent to simplify and speed up the planning system, it has significant concerns that the Bill as currently drafted will act as a barrier to development and economic growth. It is therefore a concern not only of those who are most concerned about the housing crisis, but of those who are interested in development and commerce, that under the nimbyish aspects of the Bill we will see a reduction in house building, even though the building of more houses is required to end the housing crisis.

This Bill is a shambolic cover-up. It will mainly devolve to local government responsibilities on what to cut and who to target. It is a missed opportunity that will do nothing to boost the morale of the beleaguered local government sector, and it will inevitably make the housing crisis worse.

8.56 pm

Iain Stewart (Milton Keynes South) (Con): I warmly welcome the Bill, and I should declare an interest: I am an elected parish councillor in Shenley Brook End and Tattenhoe parish council. I want to use that experience, and that of Milton Keynes more widely, to illustrate why the Bill's measures are welcome, necessary and, in many aspects, long overdue.

Milton Keynes is now pretty much at its planned size when it was designated a new town in 1967: it has now reached its proposed population of almost 250,000, and the initially outlined geographic boundaries. The debate in recent years has therefore been about how, when and where future development should take place. The policy of the previous Government could be defined as national selection and regional implementation, and under that, Milton Keynes was designated one of the areas of south-east growth. Tens of thousands of new houses were designated, not primarily because of Milton Keynes' needs, but because it was a comparatively easy place to build new homes. As a result, without proper thought or adequate infrastructure provision, large additional housing estates were bolted on around the outside of Milton Keynes, a place that was carefully designed and constructed. That led to many of the unique design aspects that have made Milton Keynes such a success being diminished, the primary example of which is the grid road system.

The Bill, however, will allow us to determine our own housing needs locally, and devise solutions locally. For the first time, Milton Keynes will have truly liberating powers to shape its own future. Having always had its growth determined by one Government quango or another, for the first time it will be local people who decide our destiny. If I may use an analogy from nature: for the first time the cub will be away from its mother and making its own decisions. That will be powerful and liberating, and I hope it will rekindle a genuine local

democracy, not just the party opinion poll contest that seemed to happen too often. I hope that there will be a robust debate about the future of Milton Keynes in terms of both the total strategic scope of future expansion and the detailed planning.

I particularly welcome the Bill's provisions for genuine community engagement in the shaping and the nature of new housing areas—the density of housing, how many parking places are needed, the green spaces, what shops and services are required. That all comes with this Bill. As I have mentioned, I serve as a parish councillor in one of the fast-growing parts of Milton Keynes.

Anne Marie Morris (Newton Abbot) (Con): I am delighted to hear my hon. Friend's comments about parish councils. In respect of some of the urban areas, is he as pleased as I am that the neighbourhood forums that are to be introduced will give them a voice too?

Iain Stewart: I am delighted to endorse that point, because I was going to mention the urban areas, as well as town councils. The Bill will benefit not only the new growing areas in Milton Keynes, but the existing historical areas. Milton Keynes was built around many historical towns and villages, and so its older parts will also benefit. That gives me the perfect opportunity to cite the example of local libraries. The right hon. Member for Don Valley (Caroline Flint), speaking from the Opposition Front Bench, seemed to allege that the Bill would do nothing for libraries and other local services that may be under threat, but that is not the case. In two parts of my constituency, Stony Stratford and Woburn Sands, the libraries are under threat and the town councils are putting forward exciting plans to take over the ownership and running of those vital local services. That is the kind of imaginative locally based solution that we need to protect the fabric and integrity of our local areas. I wished to discuss other parts of the Bill in detail, but time will preclude my doing so. Therefore, in the interests of letting other colleagues speak, I shall conclude my remarks at this point.

9.1 pm

Eric Ollerenshaw (Lancaster and Fleetwood) (Con): As others have, I shall declare my interest, which is in the book: I have reached the dizzy heights of honorary vice-president of the Local Government Association, after 21 years in local government. For the benefit of the Labour party, I should say that 17 of those years were spent in Britain's poorest borough and two were spent in control in a coalition with Labour—perhaps I should keep quiet about that.

I shall deal, first, with the key issue, about which we have heard lots of complaints. I was a councillor from 2000, so I saw how the previous Government interfered and controlled. That point has been demonstrated tremendously by other council leaders and councillors. I was going to make the fair point that this approach began even before then; it seems that Governments have done this for ever. As an old Labour councillor who first taught me said, "Eric, your party will need you when it is in opposition but watch out when it is in government because it tends to forget about local government." That has been a prescription in this country historically and there has been increasing centralisation. That reached its apotheosis under the previous Government, who realised in their dying years that something was askew. When they carried out a survey in 2000, 60% of people said that they were satisfied with their local council, but after 11 years of Labour's strictures the corresponding figure in 2008 was 45%. To see what has been happening, those of us who care about local government have only to examine the number of people who vote, which has been decreasing and decreasing. Voters are not stupid. They have seen that the people they elect as local councillors have less and less power to do anything, so they wonder about the point of voting. I totally support getting rid of this predetermination business and the standards boards, and giving this general competence to councils. That might restore the connection between the electorate and the candidate who is campaigning on something, and that candidate's ability to get elected as a councillor and deliver some of what he promised. We might, thus, restore the trust that we used to have in local government.

Perhaps that would help all the political parties here to encourage a few more people to come forward wanting to be councillors. Instead of being hide-bound by standards boards, legal officers and central and regional quangos, they would be able to get on and do something for their local area. In the historic town of Lancaster, which is part of my constituency, the Victorian local councillors put an enormous amount of money and energy into their own town. People could not even dream of doing that now, but that potential exists and is provided for in the Bill.

I am aware of the time available to me, but I wish to stress, as others have done, the importance of parishes, and not only rural ones. There are 17 such parishes in my constituency, as well as three town councils and one urban parish. They are desperate to have a say over the neighbourhood plans, to vote on what is in them and then to enjoy the benefits of them. Labour's amendment seeks simply to delay, as most of Labour's amendments have done lately. I have no idea whether or not the aim is to fill in blank pages, but my local councillors and parishes want no more delay on the power over retrospective planning.

The fact that Travellers can arrive at a site near Preesall on a bank holiday Monday with hard core all ready and mobile toilets and then apply for retrospective planning permissions suggests to me that they knew full well that that they could not get through the normal planning application procedure, which everybody else would have to follow. That poor area has now waited nine months for the planning appeal and the situation persists. That is why there is no time like the present to pass the Bill.

Mark Pawsey: Does my hon. Friend agree that that is a case of a business approach to the occupation of land and that that is why the enforcement proposals in the Bill are so welcome?

Eric Ollerenshaw: As is the power for local councillors and ratepayers to see the decisions that they want carried out.

The last bit of the Labour amendment is not amusing—it is not amusing for local people—

Alison Seabeck: Will the hon. Gentleman give way?

Eric Ollerenshaw: Will the hon. Lady let me finish, so that we can get on with things? The amendment says that if the Bill is passed, it

"would cause the planning functions of local authorities to become incoherent and ineffective".

We need only ask my electors whether, when they go to local planning committees, they find what is going on to be coherent. We need only ask any one of my parishes whether they find anything coherent or effective about the present planning position, which ignores every vote of that town or parish with impunity. My councils want this Bill passed, and they want it passed quickly, because it goes with the grain of their neighbourhoods and parishes.

9.6 pm

Nicky Morgan (Loughborough) (Con): This is an important debate on an important Bill, which will change the relationship between central Government, local government and residents.

In the short time available, I want to concentrate on part 5 of the Bill, which deals with planning. I welcome the proposals that will enable communities to put together neighbourhood development plans and orders. Since the debate started, I have received an e-mail from a resident of the village of Quorn in my constituency who says that an application has recently been made to redesignate land in the village to greenfield. That will mean that it cannot be used for allotments, which are desperately needed in the village. If neighbourhoods had the ability to put together a plan to designate how they would like local land to be used, that application could not have been made. I entirely agree with the comments that have just been made by my hon. Friend the Member for Lancaster and Fleetwood (Eric Ollerenshaw) —the Bill is needed and it is needed now.

We cannot possibly say that the current system is working in favour of residents and communities. Local councillors feel extremely frustrated. Too often, the only power that local communities have is to mount a vociferous no campaign. In his opening remarks, the Secretary of State talked about a confrontational and adversarial system and I am sure that we are all aware of that from our postbags and inboxes. I am sure that all hon. Members are aware of groups that have campaigned in their constituencies against proposed developments. In my constituency, I want to pay tribute to the Garendon Park countryside protection group, the Loughborough south-west action group and residents in Barrow, Hathern and Sileby.

If the planning system is not working, we must believe that there is an alternative. I agree with the comments made earlier—the difference between the Government and the Opposition is that we believe in the power of residents and communities to show common sense and to trust their judgment about what is best for their local areas. One example would be the Loughborough in bloom competition, which was led by the *Loughborough Echo* and supported by Charnwood council. It has transformed the way that Loughborough town centre looks and was entirely down to local groups and communities that joined the scheme year on year.

I can also cite the many neighbourhood plans and village design statements drafted by local residents. I firmly believe that residents will support development as long as their views on the nature of that development are listened to. That is the frustration with the system at the moment—views are not heard. My hon. Friend the Member for Reading West (Alok Sharma) talked about the views of communities falling on deaf ears and that is how residents feel now.

I also believe that residents can and will work with local businesses and retailers to ensure that there is sufficient employment land available and that there are sustainable town and village centres.

Anne Marie Morris: I note with interest my hon. Friend's comments about the business community. Does she agree that we should see it as part of these neighbourhood forums?

Nicky Morgan: Absolutely, particularly in relation to my constituency, which includes a large town, a smaller town and various villages. The employers, businesses and the retail industry are critical to the area's success and we must see that they are fully engaged with neighbourhood plans. I particularly welcome clause 102, which requires developers to consult local communities before submitting planning applications for certain developments.

Let me offer a few final thoughts so that colleagues will have time to make their points. First, there must be clarity around the decision-making process regarding the plan or order, and the process must be fair and transparent. It would be helpful to know at some point the grounds on which a local planning authority or examiner could turn down a plan or order. It would also be helpful to know who will bear the cost of preparing a plan.

There have been calls for a third party right of appeal. According to the Campaign to Protect Rural England, the UK appeal system cost £25 million in 2007-08, when there were almost 23,000 appeals. I understand that the Government are keen to reduce dramatically the number of appeals by having more up-front agreement to plans and orders, but will Ministers keep this area under review so that we can see whether that works for residents in practice?

Last April, the Prime Minister issued an invitation to join the Government. Part 5 and other parts of the Bill show that that invitation has been issued, and I firmly believe that residents in Loughborough and elsewhere will accept it. I urge Members to support the Bill today.

9.11 pm

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): May I report the loud cheer from far-flung corners of Britain that accompanied the announcement of the Bill? To be honest, anything with the words decentralisation or localism in the title has generated significant enthusiasm. May I also report an even louder cheer from people in particularly isolated areas of Britain for whom the Bill is an important step forward? In those areas, political engagement is, perhaps, more important than anywhere else in the UK, and it is no surprise or coincidence that the turnout in general and local elections in those areas is somewhat higher than in their urban equivalents. That is despite the often considerable obstacles that people face at election time. It is not a coincidence that the areas to which I refer are

the very epitome of the big society. They invented that expression, its content and, indeed, its whole context long before hon. Members picked up on the theme, and they did so despite the previous Government rather than because of them. That is what makes engagement in this measure even more important.

It was probably a consequence of a decade or more of frustration and exasperation that led a number of people in rural communities to conclude that simply devolving power was not necessarily the same as improving services. It is important to stress that point and to address it in the legislation—and we are doing that, thank goodness! Anything in the Bill that restores confidence and leads to better representation has to be a good thing. Anything that restores better government has to be a good thing, because that will, in turn, lead to better services.

I shall stick to two subjects today, one of which is the provision for local communities to retain important services and the right to buy, which has been mentioned several times already. The background is simple and stark: 30,000 independent retailers have gone in the past 25 years; 20% of rural post offices have gone; one primary school a month has gone; banks and petrol stations have gone; and 39 pubs a week are going.

Mel Stride (Central Devon) (Con): My hon. Friend has, like me, a very rural constituency. Does he agree that it is vital that the Bill will allow small communities to have sustainable development that will support those post offices and the vital services to which he refers?

Simon Hart: My hon. Friend makes a good point. Those Members who were lucky enough to attend a recent Westminster Hall debate on the future of pubs will remember that a number of speakers from all parties and all quarters of the House championed the local pub. In doing so, they championed a lot more than the local pub: they championed anything that was the hub of the community. From speaker after speaker we heard that the issue was not just about buying beer and crisps, filling one's tank with petrol or buying stamps. It was about the crucial social function that those institutions provide, which are under threat and remain so. The Bill steps in the right direction to shore up those vital institutions by ensuring that, where possible and viable, local communities are enabled to get in the way of people who might have other, perhaps financially driven, motives with regard to those services. I think of the great Farmers Arms in Llanybri, a lovely pub representing a crucial part of my constituency, which at the moment is closed, despite the fact that a number of residents see it as viable and important, and want it retained for the good of the community.

Anne Marie Morris: I absolutely endorse what my hon. Friend is saying. Does he share my concern that we must ensure that there is little red tape, because if there is too much red tape the right to take over services will become meaningless?

Madam Deputy Speaker (Dawn Primarolo): Order. Before the hon. Gentleman answers, may I remind the hon. Lady that she is not supposed to have her back to the Chair, that she is not supposed to stand when another Member is standing and that many other Members are trying to get into the debate? If she could remember those, that would be good.

Simon Hart: My hon. Friend makes a good point. If there is one thing that drives those of us on the Government Benches in almost every measure that we consider, it is how we can make life simpler and easier for people in business and for everyday families. That is one of the major distinctions between the Government and their predecessors.

I conclude by touching quickly on planning and housing. It seems to me that we have missed something rather simple during the debate: the findings of the Affordable Rural Housing Commission, which was set up by the previous Government, to their credit. The commission has recognised a number of the issues that have been raised today and that feature heavily in the proposals before us. It put its finger right on the points to which we are referring and highlighted the fact that although volume is important, particularly in rural communities, the issue is as much about location as it is about anything else.

The commission, on one hand, calls on planners to be more flexible when it comes to the views of local communities—the Bill helps us with that—and stresses the need to locate affordable houses where there is a demand and where there are jobs, and on the other it refers to the fact that planners need to be more rigid in ensuring that unscrupulous developers do not exploit the planning system for their own financial gain at the expense of the community.

It is sensible that the planning element of the Bill refers to the availability of jobs, recognises the significance of culture and, of course, highlights the importance of community, which lies at the heart of localism and of everybody who cares deeply about their rural community, for whatever reason.

If there was an election message delivered to us all, whatever part of Britain we represent and whatever our political persuasion, it was this: "Get the Government off my back—in practice, in principle and in spirit." I suggest that the Bill's proposals are the first major and important step towards that objective, and any reasonable-minded person in the House should embrace it warmly.

9.18 pm

Angie Bray (Ealing Central and Acton) (Con): Broadly, I very much welcome the Bill, which will tackle the bureaucratic burden, raise local accountability and empower local communities to start taking control of their own lives again, all of which are laudable aims and, I believe, highly achievable. However, as a Member who represents a London constituency, it is right that I question how the Bill will in practice affect my constituents and their fellow Londoners.

One of the most obvious of the many improvements that the Bill will introduce, as so many of my colleagues have said, is the freeing up of local councillors to be able to speak their minds on important matters. I have always though it absolutely bizarre that they should be elected on the basis of having strong views on local matters and then not be allowed to be part of the decision-making process on those matters. This bit of common sense is welcome, and about time too.

I am delighted to have been reassured that the change in predetermination also applies to local ward councillors and their local licensing issues. So it should. It is important

[Angie Bray]

that we put communities and their local ward councillors back at the centre of these important decisions. I am delighted to see us starting to unwind what I consider to be one of the worst legacies of the previous Labour Government—the rush to force late-night licences on us all. We need to move fast on this. Late-night licensing has proved to be a disaster for neighbourhoods throughout the land, causing them to be blighted by relentless noise and antisocial behaviour. Giving power back to neighbourhoods as well as to their local ward councillors to decide on important matters cannot happen too soon, allowing them to decide whether an area is appropriate for such premises, particularly where saturation may already have been reached. In my case, Ealing Broadway immediately springs to mind.

I hope that the Minister will be able to provide me with further information on the difficult issue of local planning matters. I fully applaud the plans in the Bill to hand a bigger role in local housing strategies to neighbourhoods and to local residents. It ought to be a no-brainer that those who will live closest to the consequences of a new development have a say in whether and how it might go ahead. Given that most of us are aware of the urgent need for new housing, it makes sense to harness neighbourhoods to help provide for that through the good old-fashioned principle of enlightened self-interest—that is, by making sure that those neighbourhoods can also profit from new developments through benefits such as lower council taxes.

However, I need a little help. I am not quite sure how that is supposed to pan out in London, which I suspect is rather different from most other regions because of its extra tier of government based at city hall and headed by a Mayor with a variety of regional statutory duties. One of those is to provide a London plan. That, as some in the Chamber may know, is a massive undertaking in which the Mayor plans for many years ahead on the complete shape of London, including where housing is needed and how much of it, and where there should be industrial or business zones, entertainment zones and so on.

The plan is the basis on which all local development frameworks are based. Ealing, for instance, is expected to provide 14,000 houses by 2026. Where do the local residents come in? What say will they have about that strategy? I suspect that many local residents will be reluctant to support new housing, much as they know that it is important, because they have a concern, which I share, that too often not enough long-term thought is put into the sustainability of many of those large developments. There is a fear that too often planning committees are not asking the right questions, probably because they want the housing, regardless. We need to ensure that sustainable plans are part of the planning process and that neighbourhoods are properly convinced on the matter.

Finally, I hope to hear more about the Government's plans for local government funding and bringing back control of business rates to local authorities, allowing them to keep the revenue as well as to collect it. Handing back control would re-establish proper relationships between councils and their local business community, and would provide a useful local tool to help regenerate town centres such as Ealing and Acton.

I like the localism agenda. It is the right policy at the right time. There is far more that can and should be done in the name of localism, but this is a pretty good start. I shall certainly support the Bill.

9.23 pm

Peter Aldous (Waveney) (Con): At the outset I should state that before coming to this place I worked for 27 years as a chartered surveyor. I no longer practise and I have no consultancies. I have also been a district councillor and a county councillor.

I shall concentrate on the planning aspects of the Bill. I support the Bill, although there are areas that require further scrutiny. The Bill is radical and bold, and the Secretary of State and his team are to be applauded for thinking outside the box. Change is needed as the current system is not working. At a time when there is an urgent need to build more houses, we are building fewer than at any time since the war. Local development framework coverage is patchy. Only 15% of the country has an adopted core strategy. The country's infrastructure is crumbling. Our roads, drains and power supplies are in need of upgrading. The planning system provides one means of achieving that. The Bill proposes a fundamental change in how the planning system works, representing a move from a top-down to a bottom-up approach. There is a need to accept that the man from the Ministry does not know best, and there must be a shift in responsibility to individuals and local communities. They, after all, are the people who know their areas best.

I shall comment on various features of the framework in which the new approach to planning will operate. We need to consider whether the principle of sustainable development is embedded in the legislation, and whether the requirement for such development is explicitly stated. Currently, the proposal is that the need to follow sustainable principles will be implicit because it will be included in the national planning framework. That has not yet been published, however, and sustainability needs to be at the heart of the planning system.

There is a need to ensure that local decisions and developments have regard to surrounding districts and fit into a county-wide and regional framework. The regional spatial strategy was too rigid a straitjacket, but is the duty on local authorities to co-operate sufficient to ensure that an adequate strategic overview is taken? That requires further scrutiny. In East Anglia, SCEALA, the Standing Conference of East Anglian Local Authorities, did the job adequately in the 1980s. To ensure that sufficient houses are built in a district, consideration should be given to asking local planning authorities to assess local housing need regularly. In that way, they will be able to monitor their success in bringing forward land for development and land on which to build the new houses that are so badly needed.

One of my main complaints as a surveyor for the past 10 to 15 years was that the planning system was getting slower and slower. There is a need to speed up the whole process, both in determining planning applications and in preparing local plans, and I look forward to receiving details of how the Government are going to do that.

I welcome the move towards neighbourhood planning, which will give people a real say in how their neighbourhoods evolve, but I would be grateful if the

Minister took on board some observations. For neighbourhood planning to be successful, there is a need for capacity building in neighbourhoods and for communities to have access to advice, training and funding. With that in mind, the ending of planning aid this March appears short-sighted, so I would be grateful if consideration could be given either to reviewing that decision or to putting new arrangements in place. It is also important to ensure that all communities are able to participate, not just a few, so I would welcome further information on how neighbourhood planning will be promoted in those deprived areas where it is needed most.

There is a concern that some developers might hijack the system. For example, a food store might put forward in a particular neighbourhood an enticing planning-gain package that appeals to that community but has a negative knock-on effect on surrounding areas. How is it intended to guard against such scenarios? The Government should continue to promote the concept of the sustainable high street, and there should be sequential tests and economic development impacts.

Local planning authority costs should be taken into account, and I would be grateful if the Secretary of State confirmed that neighbourhood plans will apply not only to residential areas but to business districts.

9.28 pm

Zac Goldsmith (Richmond Park) (Con): There is much to welcome in the Bill, which at its heart has a belief that no one is better placed to determine the shape and nature of a community than those who live in it. That is a giant step in the right direction.

The first time that I spoke in this Chamber was to ask the Secretary of State whether he intended to repeal the perverse rules that prevent local councillors from standing up for their constituents. We have already heard about them today: the rules of predetermination. He answered positively, but when I went back to my constituents and relayed the answer, I was met with a look of disbelief. People are naturally sceptical of all political promises, so I am thrilled to see the measure in the Bill. Local councillors will now be able to stand up for local residents, which is exactly why they are elected in the first place.

Another area that deserves a brief mention relates to the Bill's support for local shops and high streets. Small shops define communities; as they die off and are replaced by bland multiples and empty premises, communities themselves begin to erode. The Bill will help councils to buck those trends. Simplifying small business rate relief and giving local authorities powers to provide business rate discounts will clearly help, but as we move towards democratic decision making and new neighbourhood plans, I hope that local people and elected councillors will be able to decide for themselves how their high streets look, and not simply be forced to yield before every Tesco application. For many people, that will be the test for this Bill.

Control of the royal parks was going to be transferred from the Secretary of State to the Mayor of London, and I understand that there is still a strong possibility that the Government will introduce an amendment to continue with that plan. As the MP for the area with the biggest royal park, I want to put on record my strong support for this move.

Mr Raynsford: As a Member who also represents a constituency with a royal park, may I put it to the hon. Gentleman that this is a divisive proposition that will be strongly opposed by those of us who believe that the royal parks are well managed at the moment and that something that is not bust certainly should not be fiddled with?

Zac Goldsmith: I profoundly disagree. It makes perfect sense that whoever is responsible for the parks is accountable and answerable to London voters. Democratic accountability is the best, and probably the only, safeguard that we have against lunatic proposals of the sort that we saw last year. The right hon. Gentleman knows what I am talking about; I will not go into the details because of the time. I hope that it is not inappropriate for me to say that Members in the neighbouring constituencies of Twickenham, Kingston and Surbiton and Putney—they are all Ministers—are very much in favour of these proposals.

The central purpose of the Bill is to reinvigorate local communities and, in particular, local democracy. In this regard, the Bill could go much further. My party said before the election that we would enable people to instigate local referendums on local issues, and I believe that the Liberal Democrats said the same. However, other than on two or three specific issues such as elected mayors and council tax hikes, the referendums on offer are purely advisory and therefore have the status, in real terms, of the usual no-hope petition—although they are a hell of a lot more expensive. There is an argument, which I am sure will be repeated, that councils will necessarily feel obliged to adhere to the results of a referendum, but that is a hope, and one that many residents of local authorities around the country will regard as wholly unrealistic.

Non-binding referendums would be a damaging gesture. The only thing worse than not giving people a voice is the pretence that we are giving them a voice. That is not only disempowering but sends a message that when it comes to the crunch the Government simply do not trust people to make decisions for themselves. I strongly believe that if these referendums are non-binding, we would better off without them. I say that as a committed campaigner for direct democracy over very many years.

At the last Communities and Local Government Question Time, the Minister of State, my right hon. Friend the Member for Tunbridge Wells (Greg Clark), said in reference to non-binding referendums:

> "Sometimes it is appropriate to nudge councils to do the right thing. This will be perhaps more of a shove than a nudge". [*Official Report*, 25 November 2010; Vol. 501, c. 437.]

May I nudge him to do the right thing and bring in proper referendums that are legally binding and therefore meaningful?

9.33 pm

Nicola Blackwood (Oxford West and Abingdon) (Con): I am grateful to have the opportunity—just—to speak in this debate.

I welcome the intention behind the Bill. Far too many people in this country feel as though they have no stake in their communities. They feel that they have no role in the decisions about their areas and that any attempt to challenge the status quo is doomed to failure, crushed

[Nicola Blackwood]

by big bureaucracy and even bigger government. This pervasive sense of disempowerment is the source of much disillusionment and distrust in the political process. As one of the oldest democracies in the world, the fact that we have brought this to pass through accumulative bureaucracies and centralisation is a disgrace, and it is to this Government's credit that they are choosing to break with the tradition set by the Labour party and are trying to use this Bill to devolve, rather than demand, power.

In my constituency, residents of north Oxford can testify only too well to the incredibly damaging effect of the current centralised planning system. In the face of massive and sustained local opposition, Oxford city council is persisting in its determination, under its core strategy proposals, to build 55,000 square metres of office space in north Oxford despite consensus among other public bodies that the local infrastructure will not sustain it. I pay tribute to local campaigners, particularly those at Engage Oxford, who have put their lives on hold to campaign against this unworkable programme.

I welcome the Bill because it will give those local campaigners the opportunity to have their voices heard. It is time that local campaigners and people had their voices heard and their concerns acted on.

9.34 pm

Barbara Keeley (Worsley and Eccles South) (Lab): We have had a lively debate, with some 40 speakers. There is a clear division between the Government and the Opposition on the Bill, and some Government Members have expressed concerns. There have been some excellent speeches.

My hon. Friend the Member for Sheffield South East (Mr Betts) put it well when he said that the Bill was a missed opportunity. He said that the general power of competence should sit within a constitutional framework —of course it should—and that there would be a void in the standards of conduct for councillors. He questioned the powers that the Secretary of State wants to take for himself, in particular the power to impose shadow mayors, which many hon. Members have spoken about. He said that the Bill signalled the end of the provision of social housing.

Similar concerns were raised by my hon. Friend the Member for Birmingham, Ladywood (Shabana Mahmood) and my right hon. Friend the Member for Tottenham (Mr Lammy), who said that the Bill was atrocious. My hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) reminded us of the era of "Cathy Come Home". She said that her test was whether it was a hand-up or a handout, and that the Bill failed the test. Similarly, the housing section of the Bill was the main concern of my hon. Friend the Member for Islington North (Jeremy Corbyn). Opposition Members think that the Bill has the potential to raise levels of homelessness, which is a serious concern. My hon. Friend the Member for Stretford and Urmston (Kate Green) feared that the disadvantaged had no voice and said the Bill was bad on many levels for the poorest in our communities.

Hon. Members raised concerns about other aspects of the Bill. My right hon. Friend the Member for Greenwich and Woolwich (Mr Raynsford) made it clear that although we understand the aspirations of the Bill, we have suspicions about the outcomes. There are problems with the drafting of the Bill. A big issue is that it is silent on how to settle competing claims. How will claims be settled among the views of a neighbourhood forum, a local authority and a mayor? My hon. Friend the Member for Stoke-on-Trent North (Joan Walley) warned that mayors could undermine local communities and councillors. The hon. Members for Cleethorpes (Martin Vickers) and for Keighley (Kris Hopkins) and a number of other hon. Members disagreed with the imposition of shadow mayors. We heard a bid for the independence of Keighley. Unfortunately, that will not come about through a local referendum, as such referendums will only be advisory. Another matter of concern to hon. Members from all parts of the House was EU fines.

For many Opposition Members, the key issues that underlie the Bill are the unfairness of the local government settlement and the absence of the resources necessary to build capacity in communities. My hon. Friends the Members for Birmingham, Ladywood, for Chesterfield (Toby Perkins), for Hammersmith (Mr Slaughter) and for North West Durham (Pat Glass), my right hon. Friend the Member for Tottenham, and my neighbour, my right hon. Friend the Member for Salford and Eccles (Hazel Blears), spoke eloquently about the problems caused by cuts.

Mr Slaughter: Will my hon. Friend give way?

Barbara Keeley: There is not time, I am afraid.

The Secretary of State told council leaders that they were in charge of about £38 billion each year, no strings attached. Since then, the Conservative-led Government have subjected council leaders to savage front-loaded cuts and to a stream of exhortations on what they should and should not do with their budgets. Ministers have told councils that they have a duty to preserve library services, that they should treat voluntary organisations fairly, that they have no justification to tighten eligibility for social care and that they should not issue redundancy notices immediately. Department for Communities and Local Government Ministers are telling councils to cut senior management posts, merge services with other councils and cut posts that Ministers see as non-jobs.

My hon. Friend the Member for Hammersmith told us that senior executive pay cuts and shared service cuts each contribute only 1% of the cuts that are needed, whereas 50% of the savings will be made by cuts to adult services and children's services, including a disturbing 60% cut in funding for Sure Start—a service that the Prime Minister said the Tories would protect. My hon. Friend told us about an individual who was paid £700,000 in consultancy fees over four years, while drawing a £50,000 pension from the same council. On hearing such facts, we have to question why Hammersmith and Fulham is the apple of the Secretary of State's eye. Indeed, the Secretary of State has called any council leader who could not predict cuts of £40 million to £100 million negligent

"to the point of stupidity".

DCLG Ministers also want to direct councils on small details. They want to tell them how often they should empty their bins, ban them from putting out newsletters and tell them to reduce street signs and bollards. That is the background to the 126 new secondary powers that the Secretary of State wants to take in the Bill.

The general power of competence should give councils the freedom to act ambitiously on behalf of local residents, but the Secretary of State wants to take major powers to restrict how councils may use it and attach conditions to its use. He also wants the power to

"amend, repeal, revoke or disapply"

any statutory provision affecting or overlapping with the general power. That is a very broad power for a Secretary of State to ask for, and it undermines the concept of localism. It raises serious concerns, particularly because, as we have heard, he wants to direct councils on every aspect of their work, from how they manage their budgets through to what they should do about street signs.

The Secretary of State wants to order 12 of our cities to change their governance model to the mayoral model, and to appoint their current leaders as shadow mayors. Furthermore, he wants the power to order any local authority to start operating a mayoral governance model, subject only to a later referendum. Where is the belief in localism in all that?

The Under-Secretary of State for Communities and Local Government, the hon. Member for Hazel Grove (Andrew Stunell), said in September:

"This Government will let councils and communities decide how to organise themselves. We don't presume to know more than local people about how their area should be run."

However, the Government do presume to know more than local people, because the Secretary of State wants the power to dictate to councils exactly which model of governance they must adopt. Also, there is no level playing field for councils that opt to retain cabinet or committee systems, as they will not be able to bid for new powers in the same way as elected mayors using the new provisions in the Bill.

To Labour Members, the scrutiny powers of local government are a key aspect of democratic accountability. In the context of the Government's massive and unnecessary reorganisation of the NHS, about which much has been said today, powers for local councils to scrutinise new health commissioning arrangements are more important than ever, and councillors should be given adequate powers to do that. It was interesting to hear hon. Members of all parties refer to that matter. Councils opting for the committee governance system will not even be required to have a scrutiny committee. We believe that to ensure accountability, those councils should have at least one scrutiny committee, in line with councils that have a mayor or council leader.

The Bill proposes local referendums, a community right to challenge, a community right to buy and a duty on councils to maintain lists of assets of community value. As we have heard, Labour would welcome some of those proposals if the legislation introducing them were better thought through. As it stands, the Bill provokes more questions than it answers. It will lead to extra burdens on local councils, which are already struggling to maintain local services in the face of the Government's swingeing, front-loaded budget cuts. My hon. Friend the Member for Edinburgh East (Sheila Gilmore) highlighted how the community right to buy, which has been tried in Scotland, is an empty gesture if it is without funding.

On local referendums, we support greater public engagement in the political process, but much more should be decided locally. For instance, we do not understand how it can be up to the Secretary of State to decide what is a local matter. The proposals on the new community right to challenge and the duty on local authorities to maintain a list of assets of community value are ill thought through. Despite there being no definition of the term "assets of community value", 10 powers are proposed for the Secretary of State to make regulations on those lists.

The DCLG note on the extra powers proposed in the Bill, is a fascinating document and it states that the debates during the passage of the Bill will constitute the principal initial scrutiny of the scheme, and I have to ask Ministers why that is the case. There could have been pre-legislative scrutiny, and my right hon. Friend the Member for Greenwich and Woolwich said that it cried out for it. That would have been preferable to giving the Secretary of State powers to regulate, order and specify matters that would be better decided locally.

The Bill aims to allow communities a say on developments in their area through the planning system, but those measures are particularly poorly thought through. Indeed, the Royal Town Planning Institute says that work is needed on the Bill

"to remove those barriers in its drafting that deaden its effectiveness and hinder the ability of Government to achieve its own objectives"

and that

"the lack of a coherent strategic planning system combined with the complexity of the neighbourhood planning system"

that the Bill proposes will

"hinder...economic recovery...addressing climate change and enhancing the environment".

On that last point, 17 organisations in the Wildlife and Countryside Link say that the Bill must:

"Introduce...strategic planning across local authority boundaries".

They feel that the Bill risks creating a two-tier system in which

"only well-resourced neighbourhoods can take part",

which echoes the comments that we have heard from many hon. Members.

The Government have made the wrong choices in their proposals on social housing and the rights of people who depend on it. On that and other proposals in the Bill, there has been scarce opportunity for scrutiny—indeed, a rushed consultation closed only today. Housing and homelessness charities have rightly criticised the desire of Lord Freud, the Under-Secretary of State for Work and Pensions, to weaken the rights of homeless families. The Bill proposes to strip them of the right to any say over the accommodation that they are offered.

Many of my right hon. and hon. Friends spoke about the fact that the Bill will mean that social tenants lose their right to social housing if their circumstances change. Families who play by the rules and improve their lot could be at risk of losing their homes. The Conservative party said in April that it had no policy to change the current or future security of tenure of tenants in social housing, but the Bill contains provisions to do that. The Government have a record of breaking their word—on VAT, on the education maintenance allowance and on tuition fees—and now council and housing association tenants will see whether the Government keep their word.

If the Secretary of State were a true champion of localism, he would have proposed real freedoms for councils, rather than give himself wide-ranging new

[Barbara Keeley]

powers to direct them. He would have produced a Bill that engaged local people in planning their neighbourhoods at the same time as promoting sustainable development and protecting the environment, and he would have fought for a fair and manageable financial settlement for local councils. Had he done so, councils could work on giving their residents a real say in how their local areas are run, rather than focus all their energy on making cuts.

My hon. Friends said that the Bill is the worst of all worlds, that it will set community empowerment back years, that true localism will not emerge without a fair settlement for local government, that the Bill gives rights but no resources to back them up, that it is a shambolic cover-up, that it is not fair and not progressive, and that it fools no one. I urge hon. Members with concerns about the Bill to join us in supporting the amendment tonight.

9.47 pm

The Minister of State, Department for Communities and Local Government (Greg Clark): You would not know it, Mr Deputy Speaker, but this is an historic day for the House. Opposition Members should have tuned into the TV this weekend to see the Leader of the Opposition say that he was abandoning the tradition of Fabianism in his party and adopting localism. There was precious little of that in the speeches of the hon. Member for Worsley and Eccles South (Barbara Keeley) and her hon. Friends.

The two parties in the coalition see the Bill for what it is—the first of many measures that will do something very different from those introduced by the previous Administration. We are using the powers of the Government and Parliament to give power away rather than to increase it for ourselves. That is the direction in which this Government will continue to go. We will give more and more power to the people.

Successive Governments have increased the power of the centre, which has led to Britain becoming one of the most centralised and rule-bound societies in the world. French local councillors would be astonished if we told them that local councillors here would be in breach of the rules if they passed a view on a local planning application—they would think that that is nuts. In America, they would think it ridiculous and barmy if a member of President Obama's cabinet set the local taxation in a small American town; and in Australia, they would wonder what planet someone was on, if they told them that to judge a planning application one has to wade through planning guidance longer than the complete works of Shakespeare. This is the time to reform and bring us back in touch with the rest of the world.

The response from Labour Members made it clear that were it not for the election of this coalition, which is united in wanting to return power to the people, they would have continued in the direction they had previously taken us. That degree of centralisation did not work, of course, and we know why: there is something about the British people that means they do not like being told what to do; they have a quality that makes them want to push back when people try to boss and bully them, as the previous Administration did. It is costly, too. We can imagine the bureaucracy of enforcement that needs to be put in place to impose and send out the directives, to gather the statistics and to send in people to ensure that others comply. We cannot afford that in the circumstances left to us by the Labour party.

More than that, Government Members know in their hearts that the best way to improve society is to give people their heads, and to allow them to follow their vocation and use their initiative, rather than to suppress it with top-down impositions that merely demoralise people.

Toby Perkins: The right hon. Gentleman is telling us about how many powers the Secretary of State is giving away, but which of the 126 new powers that he is taking under the Bill does he think local people cannot look after for themselves?

Greg Clark: If the hon. Gentleman is under any illusion that this is not a Bill that transfers power to people, he should talk to the coalition of voluntary and community organisations that this very day launched a campaign to ensure that the Bill is not watered down by the amendments he would suggest.

If this is the occasion when the Labour party converts to the cause of localism, it has a long way to go. The right hon. Member for Don Valley (Caroline Flint) implied—breathtakingly—that when in government her party had tried to localise power. Even the Leader of the Opposition does not believe that. He said in his leadership campaign that the Labour Government looked down their nose at local government. So much for conversion! The hon. Member for Birmingham, Erdington (Jack Dromey) said that the Labour party downgraded the role of local government when in office. First base for the right hon. Lady is to admit that her party got it wrong in the past—I thought that was what her leader tried to do this weekend—in order then to point in the right direction.

Bob Russell: Does my right hon. Friend agree that passing power down from the centre includes passing powers from county halls to town halls, where we have the two levels of local government?

Greg Clark: My hon. Friend is absolutely right. The process we are engaged in gives a lot of power to local authorities, but, equally, imposes obligations on them to share their power with communities. That is the right approach.

The Opposition's response, as expressed in the right hon. Lady's speech, represents a split—they have not made up their minds. The right hon. Member for Salford and Eccles (Hazel Blears) said that there was a schism in the Government. Far from it! We are emphatic about the need for the Bill. However, there is a schism in the Labour party because it is advancing two arguments: that the Bill is secret centralisation and that the powers that the Secretary of State is taking represent a covert attempt to recentralise—*[Interruption.]* The hon. Member for Cardiff West (Kevin Brennan) applauds. Other hon. Members, however, argued that this is a charter for dangerous nimbyism. Which is it? Is it that the Labour party does not trust local people to take decisions on their own behalf, or is it that it fears that Whitehall will

lose power? It must make up its mind. Does it just fear any change, does it fear local choice, or does it fear any challenge by the powerless to the powerful?

Hazel Blears: Will the Minister take this opportunity to give an unequivocal confirmation that, as far as the expression of interest and the community right to challenge are concerned, he will not change the regulatory framework to enable commercial organisations to take over those services and to run them for private profit, and that the regulations will continue to require a community interest and a not-for-profit basis?

Greg Clark: The Bill was drafted deliberately to express that. This is a community right to challenge to allow community organisations to do something that Labour, during 13 years in government, failed to do, which is to let them have the chance to deliver services.

Let me refer to some of the speeches made by right hon. and hon. Members. My hon. Friend the Member for Mole Valley (Sir Paul Beresford) brought his considerable experience in local government to bear. My right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes), my hon. Friends the Members for Carlisle (John Stevenson), for Cleethorpes (Martin Vickers), for Crawley (Henry Smith), for Peterborough (Mr Jackson), for Filton and Bradley Stoke (Jack Lopresti), for Milton Keynes South (Iain Stewart), for Morecambe and Lunesdale (David Morris), for Ealing Central and Acton (Angie Bray), and for Oxford West and Abingdon (Nicola Blackwood), and the hon. Members for Birmingham, Ladywood (Shabana Mahmood) and for Sheffield South East (Mr Betts), the Chair of the Communities and Local Government Committee, made passionate speeches about local government. They should not be concerned about the Secretary of State's powers. The key power is the general power of competence. We thought very carefully about whether it was right to set out pages and pages of restrictions in the Bill on that general power of competence. We concluded that the better thing—the more empowering thing—was to change completely the default, so that the powers that a local authority wants to take should be available to it, and it should not have to go through pages of guidance on the Bill. We think that that is the right approach. I look forward to the scrutiny from the Select Committee, but that is the approach that we took.

One of the other powers states that if a council is in danger of becoming insolvent, it is reasonable for the Secretary of State to suspend the requirement to have a referendum for a council tax increase to cover that. Therefore, the Committee, when it scrutinises the Bill, will find that it is content with that.

Barbara Keeley *rose—*

Greg Clark: There is no time, I am afraid.

Let me address the argument, which was depressingly common on the Opposition Benches, that communities are not capable of taking up such rights. What a bleak and miserable picture of communities the Opposition have. I believe in local government; indeed, I am a fan of it. The track record of local government in recent years certainly bears comparison with the track record of central Government, at least under the previous Administration, so it is absolutely right that we should give local government these powers and trust it. Of course we should give help to the most vulnerable communities to ensure that they can take advantage of the powers, just as everyone else can. However, the argument that people in local communities are so mean-minded that they will exercise their powers only in a way that Opposition Members have described as nimbyish, or that people who love their communities, and want to bring up their children and see them prosper in their areas are not capable of having the interests of their communities at heart is a bleak reflection on the Opposition's world view. It is not a view that we share.

The Bill will put our politics on a different course. It will bring an end to the history of using power to take more power. It will give power to councils, power to communities, power to voluntary groups and power to the people, in the knowledge that the more powerful the people are, the stronger our society is.

Question put, That the amendment be made.

The House divided: Ayes 228, Noes 332.

Division No. 169] **[9.58 pm**

AYES

Abbott, Ms Diane	Crausby, Mr David
Ainsworth, rh Mr Bob	Creagh, Mary
Alexander, rh Mr Douglas	Creasy, Dr Stella
Alexander, Heidi	Cruddas, Jon
Ali, Rushanara	Cryer, John
Anderson, Mr David	Cunningham, Alex
Austin, Ian	Cunningham, Mr Jim
Bailey, Mr Adrian	Cunningham, Tony
Bain, Mr William	Curran, Margaret
Balls, rh Ed	Dakin, Nic
Banks, Gordon	Danczuk, Simon
Barron, rh Mr Kevin	Darling, rh Mr Alistair
Beckett, rh Margaret	David, Mr Wayne
Begg, Dame Anne	Davidson, Mr Ian
Benn, rh Hilary	Davies, Geraint
Benton, Mr Joe	De Piero, Gloria
Berger, Luciana	Denham, rh Mr John
Betts, Mr Clive	Dobbin, Jim
Blackman-Woods, Roberta	Dobson, rh Frank
Blears, rh Hazel	Docherty, Thomas
Blenkinsop, Tom	Donohoe, Mr Brian H.
Blomfield, Paul	Doran, Mr Frank
Blunkett, rh Mr David	Dowd, Jim
Bradshaw, rh Mr Ben	Doyle, Gemma
Brennan, Kevin	Dromey, Jack
Brown, rh Mr Gordon	Dugher, Michael
Brown, rh Mr Nicholas	Eagle, Ms Angela
Bryant, Chris	Eagle, Maria
Buck, Ms Karen	Elliott, Julie
Burden, Richard	Elliman, Mrs Louise
Burnham, rh Andy	Esterson, Bill
Byrne, rh Mr Liam	Evans, Chris
Cairns, David	Farrelly, Paul
Campbell, Mr Alan	Fitzpatrick, Jim
Campbell, Mr Ronnie	Flello, Robert
Caton, Martin	Flint, rh Caroline
Chapman, Mrs Jenny	Flynn, Paul
Clark, Katy	Fovargue, Yvonne
Clarke, rh Mr Tom	Francis, Dr Hywel
Clwyd, rh Ann	Gapes, Mike
Coaker, Vernon	Gardiner, Barry
Coffey, Ann	Gilmore, Sheila
Connarty, Michael	Glass, Pat
Cooper, Rosie	Glindon, Mrs Mary
Corbyn, Jeremy	Godsiff, Mr Roger

Goggins, rh Paul
Goodman, Helen
Green, Kate
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Long, Naomi
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Sutcliffe, Mr Gerry
Thomas, Mr Gareth
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Mark Tami and
Lilian Greenwood

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Byles, Dan
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Edwards, Jonathan
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip

Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Llwyd, Mr Elfyn
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McCrea, Dr William
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Hywel
Williams, Mr Mark
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Philip Dunne and Mark Hunter

Question accordingly negatived.

Question put forthwith (Standing Order No. 62(2)).

That the Bill be now read a Second time.

Question agreed to.

Bill accordingly read a Second time.

LOCALISM BILL (PROGRAMME)

Motion made, and Question put forthwith, (Standing Order No. 83A(7)).

That the following provisions shall apply to the Localism Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 10 March 2011.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on Consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed. *—(Mr. Vara.)*

The House divided: Ayes 329, Noes 227.

Division No. 170] **[10.14 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Bacon, Mr Richard

Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Byles, Dan
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo

Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Willetts, rh Mr David
Williams, Mr Mark
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mark Hunter and Bill Wiggin

NOES

Abbott, Ms Diane
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Dr Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Elliott, Julie
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Griffith, Nia
Gwynne, Andrew
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Keeley, Barbara
Keen, Alan
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Long, Naomi
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, John
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Miliband, rh David
Miller, Andrew
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Sutcliffe, Mr Gerry
Thomas, Mr Gareth
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Mark Tami and Lilian Greenwood

Question accordingly agreed to.

LOCALISM BILL (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)).

That, for the purposes of any Act resulting from the Localism Bill, it is expedient to authorise

(1) the payment out of money provided by Parliament of

(a) any expenditure incurred by the Secretary of State under the Act, and

(b) any increase attributable to the Act in the sums payable under any other Act of money so provided, and

(2) the payment of sums into the Consolidated Fund. *(James Duddridge.)*

The House divided: Ayes 316, Noes 211.

Division No. 171] **[10.28 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Byles, Dan
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Edwards, Jonathan
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Green, Damian
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lloyd, Stephen
Llwyd, Mr Elfyn
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McCrea, Dr William
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Mitchell, rh Mr Andrew
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Prisk, Mr Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob

Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Hywel
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mr Philip Dunne and Mark Hunter

NOES

Abbott, Ms Diane
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Dr Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Elliott, Julie
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Griffith, Nia
Gwynne, Andrew
Hamilton, Mr David
Hanson, rh Mr David
Harris, Mr Tom
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Keeley, Barbara
Keen, Alan
Kendall, Liz
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Long, Naomi
Lucas, Caroline
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Miliband, rh David
Miller, Andrew
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Woodcock, John

Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Graham Jones and
Lilian Greenwood

Question accordingly agreed to.

Business without Debate

ARMED FORCES BILL

Ordered,

That Mr James Arbuthnot, Alex Cunningham, Thomas Docherty, Gemma Doyle, Mr Tobias Ellwood, Mr Mark Francois, Mr Kevan Jones, Mark Lancaster, Jack Lopresti, Sandra Osborne, Christopher Pincher, Mr Andrew Robathan, Bob Russell and David Wright be members of the Select Committee on the Armed Forces Bill. *(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

PUBLIC ADMINISTRATION

Ordered,

That Kevin Brennan be discharged from the Select Committee on Public Administration and Kelvin Hopkins be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

Mortgage Regulation

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Newmark.)*

10.41 pm

Mr Robert Syms (Poole) (Con): I intend to speak about the future of the mortgage market and, in particular, the current proposals by the Financial Services Authority in its "Mortgage Market Review". When it was announced, Lord Turner said that it was a "major shift" in the FSA's "willingness to intervene". It is a serious review. If it listens to representations, as I hope it will, and is light touch, it will improve the market, but if it goes the way of some of the proposals that are being consulted on, it could have a profound and bad effect not only on the economy, but on the prospects for many of our constituents. I shall touch on those issues today and canter round some of the concerns.

The Council of Mortgage Lenders, the Building Societies Association and many other organisations are very worried about what the FSA is consulting on. We must, therefore treat seriously the prospects and the proposals put forward. I support the objectives of the FSA, which are to create a mortgage market that is sustainable for all participants, and a flexible market that works better for consumers. However, it is crucial that the FSA recognises that in the context of the current financial crisis, problems in the European and UK economies today are primarily the result of liquidity and structural issues arising from global financial markets. They are not a result of a dysfunctional and widely irresponsible residential mortgage market. The FSA should be mindful not to focus its attention on fixing the wrong problem.

Despite the economic slowdown, FSA arrears statistics show that the overwhelming majority of mortgage borrowers in the UK are able to continue to make their mortgage repayments. The current low level of interest rates is a major help in this, but the statistics demonstrate that the vast majority of lenders have acted responsibly and have been positive and sympathetic to customers in difficulty. In a sense, the mortgage rescue scheme introduced by the previous Government towards the end of their term of office did not help many people, but it pointed many people with difficulties to their lender. That meant that their lender could deal with the problems. One of the good things emerging from the difficulties that we face is that a far more responsible attitude is being taken by many lenders.

I believe that it is desirable to have a market based on consistent, responsible lending and borrowing. However, the market failures that the MMR is designed to address affects only a small number of lenders that were in the market. Some of those are no longer active.

John Woodcock (Barrow and Furness) (Lab/Co-op): Does the hon. Gentleman recognise that some of the smaller lenders, such as the Furness building society based in my constituency—lenders who were not rogues, did not play fast and loose, and were always responsible—feel disproportionately penalised by the proposals currently on the table?

Mr Syms: I agree. One of the important things about the proposals is not always to focus on the five big banks but to ensure that there is a diverse mortgage

market that includes many smaller building societies. I shall touch on that issue in a moment.

A measured and well-considered response from the Government, the regulators and the lenders is necessary to prevent an inefficient and unsustainable mortgage market. The current proposals will have a far-reaching effect on the wider economy, but the FSA's impact assessment does not consider those wider consequences. They should be considered, because housing is an important component of our economy.

There are also fundamental concerns about many proposals that transfer responsibility away from the consumer and to the lender. We appreciate the lender's responsibilities to verify application information and to have appropriate controls in place, but that must be balanced with the capability of customers to make sound financial decisions for themselves. The proposals do not achieve a balance; they take the very patronising view that customers need protecting from themselves—a view that could be insulting to many mortgage borrowers. In my experience, the people who get most upset are those who are refused a mortgage, a loan or some help from a bank. People take that personally, and if we are not careful, we will exclude many people from gaining access to finance.

Mr Marcus Jones (Nuneaton) (Con): I congratulate my hon. Friend on securing this debate. Does he agree that responsible lending should not exclude first-time buyers from accessing mortgages with loans-to-value ratios of up to 95%? The bigger issue is about lenders ensuring that they do not over-expose themselves to such loans. They should keep them proportionate within their mortgage book to ensure that first-time buyers gain that vital access to mortgage finance.

Mr Syms: It is good that we are moving away from 120% mortgages, which were clearly unsustainable, and it is probably good that people should have to put down a deposit, but I do not want to be too dogmatic, because all the surveys suggest that for first-time buyers the deposit is one of the biggest hurdles, so we ought to leave it to the market to make decisions, rather than being too dogmatic in terms of regulation.

Flexibility will be the key to delivering outcomes for customers, but if we are not careful, the proposed changes will undermine current flexibility. Setting prescriptive rules will inevitably lead to some creditworthy customers, with and without complex financial situations, being excluded from the market, and that is not an acceptable position in which to place borrowers. I also believe that the proposals will affect considerably more customers than the FSA expects. Tighter controls on affordability assessments will not weed out customers on the margins only; they could have a much wider impact on the market.

The MMR should aim to promote responsible borrowing by raising financial capability, empowering borrowers to take ownership of their personal finances, enabling them to make well-informed decisions, promoting best practice to raise standards across the industry and ensuring better outcomes for consumers through consumer choice, transparency and fair treatment.

The MMR should also promote competition in the mortgage market, so that lenders of all business structures, including those small building societies,which were mentioned earlier, can compete on a level playing field. It should further promote product innovation to meet the demands of a diverse and ever-evolving customer base. Innovation must stay with the market, because we should not have a regulator that stifles innovation, and the MMR should also ensure that lenders have the flexibility to provide support to their customers when they need it—for example, when they experience financial stress.

On the current direction of the MMR, however, there is considerable concern, first, about the wider impact on the economy and housing market, and how the proposals interact with wider Government ambitions and policy. There seems to have been a firm shift, apparently removing responsibility from borrowers and placing unreasonable responsibilities solely with lenders. Distortions in the market will sometimes affect large banks, and, as we have heard, building societies are concerned about that. If we want to have a diverse market, we have to have small as well as large lenders. The direction of the MMR might also have an adverse impact on social mobility. There are concerns about the interaction with existing and planned macro-prudential reforms, and about the potential conflict with regulatory reform initiated at European level.

Certain groups might be affected. First-time buyers could be expected to have higher deposits and to pay higher prices, because under the proposals they might have "risk" status, which would dampen their capacity and willingness to transact even more than we have seen to date. We know that there is a problem with first-time buyers. Those who have wealthier parents who can help them will get into the market; those who do not may be excluded. We have to bear in mind that important fact.

Existing homeowners with self-certification loans will have to prove their affordability next time around. For some of those with variable incomes from different sources that will not be straightforward, so some existing mortgage customers may find it difficult to remortgage, which could have a major impact on the housing industry. One of the industry's responses may be that lenders become less willing to serve such complex prime cases because of extra administration and potential risk. There will be a major impact on the self-employed and contractor markets, as such people necessarily have difficulty in proving or certifying their earnings. There is also a group of prime mortgage customers who have become impaired owing to the impact of the recession on their finances. Recent short-term arrears will make it more difficult to refinance with their existing lender or to remortgage elsewhere; they are trapped until they can demonstrate that they are no longer "credit impaired" as defined by the FSA. We have to be very careful that reforms of any kind will not make it more difficult for those who have had short-term difficulties to stay within the market and to remortgage.

Many of the organisations that have contacted me are also concerned about shared ownership. In its sourcebook, the FSA specifies that as a high-risk area, and that could have a big impact. Shared ownership is one of the most under-exploited areas that we have. We could do a lot more in respect of that market, and we do not need restrictions or classifications that could make it much more difficult to help to grow it.

A large number of existing borrowers, the majority of whom are successfully meeting their mortgage repayments, will find it difficult under the proposed rules to remortgage in the future or to get new mortgages at all. This will have a major negative effects in terms of social mobility,

[Mr Syms]

particularly in the coming years. Restricting the ability of consumers to move home in order to take up new or improved employment will also have serious adverse consequences. The FSA should not consider implementing any changes to conduct of business rules until a full assessment of the impact of changes already made to prudential requirements and enhancements to the supervisory regime has been carried out. If there are still concerns once this has been undertaken, targeted action through rule changes can be undertaken. It is important not to go too fast in addressing this matter.

One important thing that is coming over the rainbow is European reform. In the first quarter of 2011, we expect a European directive focusing on responsible lending and borrowing. This directive may well have an impact on changes proposed in the consultation, and that might be an important factor.

I am concerned that if we are not careful, as a result of the excesses of a few lenders in the last property boom, we will have a set of rules that impairs some of those who are more marginal borrowers, makes it more difficult for people to get on the housing ladder, and penalises many lenders by putting up their costs, and that will not lead to a diverse, flexible market where there is innovation. The housing market is crucial to the future of our country and our economy. We all want people to be well housed and to have the ability to buy a home if they can afford it. We have to be very careful about the rules that are implemented.

I hope that this debate plus all the other representations being made to the FSA are listened to, because we have to get this right. If we get it wrong, it will be disastrous, and we will all find people in our surgeries who cannot understand why a few years ago they got a mortgage and now they cannot. This is a crucial issue. I know that there is still a consultation going on and we do not yet know the results, but I hope that the Minister takes on board the fact that there is genuine concern about this. We are not going to sit as late as the Lords, which I understand is going to sit through the whole night, but it is still quite late and there are a lot of Members in the Chamber for an Adjournment debate, several of whom take a special interest in housing issues and are well respected for it. That says something about the concerns that exist about these issues.

10.53 pm

The Financial Secretary to the Treasury (Mr Mark Hoban): I congratulate my hon. Friend the Member for Poole (Mr Syms) on securing this debate on the important issue of the future regulation of the mortgage market. As he said, the FSA is conducting a wholesale review of mortgage regulation in the UK. He and I share the aims of that review. We want to see

"a mortgage market that is sustainable for all participants"

and

"a flexible market that works better for consumers".

I think we should all be able to agree on those sensible aims.

It is vital to address those issues in the light of the failed regulation of the mortgage market before the financial crisis, when there was a huge expansion in the availability of credit and the number of lenders in the mortgage market. That led to a rapid increase in house prices without an accompanying increase in home ownership, and put more people at financial risk because of the greater debts that were taken on. My hon. Friend was absolutely right to highlight the current low levels of arrears and repossession, but that reflects the low interest rate environment, lower than expected unemployment and, as he pointed out, forbearance by lenders. We cannot be sure that the same conditions will occur in any future housing downturn.

There is a lot of concern about the mortgage market review, but there is also a lot of misinformation. I welcome this opportunity to set out clearly the FSA's plans for the review. The FSA is conducting the review under the powers of the Financial Services and Markets Act 2000 to meet its statutory objectives, which include market confidence, financial stability and consumer protection. We must remember that Parliament set the framework for regulation, but that the FSA is operationally independent, although accountable to Parliament.

Mortgage lending plays a vital role in ensuring a stable and accessible housing market. As the Minister for Housing and Local Government has set out, it is the ambition of this Government to create a housing market with stable prices that does not exclude many from home ownership. Owning a home is an important ambition for many people in this country. It brings social benefits such as stronger and more committed communities. A flexible mortgage market is important for labour market mobility. Although the link between lending and building is complex, mortgages must be available to encourage the home building industry to provide the new homes that we need. Perhaps most importantly, an open mortgage market promotes fairness between generations and helps to smooth out the differences between the housing haves and the housing have-nots. It allows young people to buy their own homes, which in turn helps older people to trade down as they move into retirement.

However, increased lending can force up house prices beyond the reach of those who want to get on to or move up the housing ladder, putting home ownership further and further out of reach for many people. High prices can cause inequality, indebtedness and inertia, with young people having to take out bigger and bigger debts to buy their own homes or give up on the dream of home ownership.

It is therefore important to strike the right balance. A properly regulated mortgage market is needed to ensure that house prices remain affordable and that consumers are protected. It is worth remembering that consumer groups such as Which?, Citizens Advice and Shelter have warmly welcomed the mortgage market review. Those organisations highlight the number of people they see every day who struggle to make their mortgage payments.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): Does the Minister agree that an important element of financial provision in the mortgage market is diversity? I would welcome his views on possible recommendations by the FSA review that might impact disproportionately on small building societies and restrict such a diverse flow of funds to the market.

Mr Hoban: I know that the hon. Gentleman is a keen supporter of financial mutuals. He will recognise that there was a commitment in the coalition agreement to

diversity in the ownership of businesses in the financial services sector, and that we are taking action to support mutuals. A mutual should be as safe and sound as a big or small bank. The customers of mutuals deserve the same protection as customers of other financial institutions. I want to see a level playing field in the regulation of the financial services sector, not just the mortgage market.

The boom and subsequent crash in the mortgage market cast doubt on the prudential soundness of lenders, and on their ability to take on appropriate risk. There need to be adequate controls over lending to ensure that the requirements for the retention of capital are proportionate. Without reform of the rules on mortgage lending, banks would need to hold more capital, thus restricting their ability to lend. We do not want lenders to put their solvency at risk through aggressive lending. We are working internationally to agree a new framework of prudential regulation, and capital and liquidity requirements. It is important that all these regulatory reforms are seen as one wide-ranging package to strengthen the stability and sustainability of our financial system and our economy.

I wish to give a few statistics about the mortgage market, to illustrate some of the challenges that we faced during the boom years. The volume of lending was fairly consistent from the early 1980s to the mid-1990s, at about £50 billion a year, but from the late 1990s there was a steady rise in lending, with the boom peaking at £360 billion a year in 2007. Many assume that the rapid expansion in mortgage lending during the boom allowed more people to become home owners, but the rate of owner-occupation actually fell between 2003 and 2008. That may reflect the fact that house prices grew very rapidly from the mid-1990s until 2008, matching the boom in lending, but for many, neither their income nor deposits grew at the same rate. The number of mortgages granted to first-time buyers decreased steadily over the period from 2000 to 2007.

After the boom, mortgage lending fell rapidly from mid-2007 through to 2009, and it remains below peak levels. That reduction reflects a reduction in both demand and supply. Banks now realise that they overstretched themselves and underpriced risk in the boom years, and are therefore increasing deposit requirements and tightening credit checks. On the demand side, household debt is historically high, so people are reluctant to borrow more and add to their debts. People are cautious about the economy and their jobs, and many expect house prices to fall this year.

We know that during the boom, a huge proportion of mortgage lending—about 40%—was for remortgaging. In 2007, of the £360 billion in gross mortgage lending, £150 billion was for remortgaging. Surveys suggest that about 60% of remortgages also entailed equity withdrawal. Although mortgage lending for house purchase has reduced to some extent since then, the 72% fall in remortgaging has made the most significant contribution to the fall in gross mortgage lending over recent years. With interest rates at historically low levels and house prices flat, there is little incentive for borrowers to release equity or switch their mortgage.

I acknowledge that the reduction in mortgage availability has hit everyone hard, particularly first-time buyers. The proportion of first-time buyers reliant on help from friends and family to put together a deposit has reached 85%, compared with 45% in 2006, which is not an equitable or sustainable state of affairs.

I turn to the details of the mortgage market review. In October 2009, the FSA published a discussion paper setting out its high-level objectives for the review. That has been followed by a number of discussion and consultation papers over the past year. In the course of the review, the FSA has produced a range of options and proposals for consultation and consideration, and it is considering the responses carefully and will publish further proposals later this year. Nothing is set in stone. The FSA has made it absolutely clear that it will assess fully the potential impact on the market before implementing any rule changes. Later this year, it intends to publish an impact assessment that will take into account the cumulative impact of all its final proposals.

The FSA is also committed to ensuring a smooth transitional period, to minimise the impact of changes and keep the mortgage and housing market stable. It has made it clear that it will not implement any rule changes until the market is back on a stronger footing. Its review process is an ongoing consultation, and it is important that all interested parties engage constructively in it. I encourage everyone with an interest in the debate to do so.

I shall respond to some of the points that my hon. Friend the Member for Poole made. Traditionally, self-certification was a route for the self-employed to take a mortgage, but that has been abused by people for whom the scheme was not designed. The FSA's proposals would required greater disclosure by the self-employed. For example, a borrower could submit their tax returns to prove their historical income, giving lenders better information on potential borrowers and enabling them to assess risk, and therefore price, more accurately.

As I set out earlier, in the run-up to the crash many first-time buyers were frozen out of the market. My hon. Friend the Member for Nuneaton (Mr Jones) highlighted the fact that the low loan-to-value ratios that we see today act as a barrier to those who want to get on to the housing ladder. Those ratios are a response to the crisis, not the MMR. The MMR's emphasis on affordability should help in the long run to create a stable market with stable house price growth, which will bring home ownership within the reach of many more people.

The MMR should have no impact on the shared equity sector, as there is no in-built prejudice against it, but again, borrowers will need to demonstrate that they can afford to pay both the mortgage and the rent.

My hon. Friend the Member for Poole also raised the issue of European proposals on mortgage lending. He is right to say that the Commission intends to publish proposals on responsible mortgage lending and borrowing in the coming months. The Treasury and the Financial Services Authority have held a number of discussions with the Commission on those proposals, and we expect them to be broadly consistent with the principles of mortgage regulation in the UK. However, the FSA has acknowledged that it will need to consider that European initiative as it refines its proposals. It will ensure that the timetable for refining the MMR is consistent with developments at European level.

It is clear that mortgage regulation failed by allowing an unsustainable boom in lending and increasing house prices, followed by the inevitable crash. We do not want to see that repeated. We have a clear objective to create a sustainable and accessible housing market that sees a

[Mr Hoban]

gradual rise in prices in line with people's salaries. The mortgage market is a key part of creating that, but unregulated lending will not help us to achieve that aim. The MMR is an essential step to ensure that both consumers and lenders are protected, but that will always be balanced with the need to ensure innovation and competition in the mortgage market. The FSA will take a proportionate and balanced approach in order to help to build a stable and sustainable mortgage market for the future.

Question put and agreed to.

11.6 pm

House adjourned.

House of Commons

Tuesday 18 January 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

DEPUTY PRIME MINISTER

The Deputy Prime Minister was asked—

House of Lords Reform

1. **Dr Julian Lewis** (New Forest East) (Con): What process he plans to follow to develop and implement proposals for a wholly or mainly elected second Chamber. [33928]

The Deputy Prime Minister (Mr Nick Clegg): I am chairing a cross-party Committee to look at all aspects of House of Lords reform. We plan to publish a draft Bill in the coming period for pre-legislative scrutiny by—we hope—a Joint Committee of both Houses. Then it will be for the Government to decide on the introduction of the Bill.

Dr Lewis: Given that an all-elected upper House would, in effect, double the number of MPs while resulting in hundreds of highly skilled and eminent men and women being thrown out, what effects does the Deputy Prime Minister think will be applied to the legislative process as a result of this brilliant idea? Will it lead to greater effectiveness, greater prestige or just more machine politics?

The Deputy Prime Minister: My own view, as someone who has always supported greater democracy in the other place and greater accountability to the British people, is that the legitimacy of the other place would be enhanced. There are plenty of other bicameral democracies around the world that have two elected Chambers of different size with different mandates, elected even by different systems, which work extremely well in striking the right balance between effectiveness and legitimacy.

Mr David Winnick (Walsall North) (Lab): Of course, it was the previous Labour Government who made sure that the large majority of hereditary peers were removed—nearly 700—from the House of Lords. Has the Deputy Prime Minister any words of congratulations for Members of the current House of Lords on the way in which they are defending democracy against gerrymandering?

The Deputy Prime Minister: If we needed any confirmation, this week of all weeks, that the Labour party's commitment to cleaning up politics and political reform is a complete and utter farce—the leader of the Labour party who, sadly, is not in his place, was going around the television studios last weekend saying that he believed in new politics and that he wanted to reach out to Liberal Democrat voters—it is the dinosaurs in the Labour party in the House of Lords who are blocking people's ability to have a say on the electoral system that they want. There cannot be meaningful political reform with such weak political leadership.

Duncan Hames (Chippenham) (LD): One hundred years after the temporary provisions of the Parliament Act 1911 were introduced, some of us are impatient for my right hon. Friend to succeed in achieving an elected second Chamber. Can he reassure me that the grandfathering of voting rights will not be offered to newly appointed peers under the present Government?

The Deputy Prime Minister: The specific reference to grandfathering in the coalition agreement applies to the staged way in which we want reform of the House of Lords implemented over time. We want to be clear about the end point, which is a fully reformed House of Lords, but the stages by which we get there should be subject to proper scrutiny and proper debate, and will be, not least in the Joint Committee, when we publish the draft Bill, which we will do fairly shortly.

Sadiq Khan (Tooting) (Lab): The Deputy Prime Minister has got himself a reputation as an habitual breaker of promises. May I ask him a simple and straightforward question, to which I hope he will give a simple and straightforward answer? In his draft Bill on the House of Lords to be published shortly, will he keep his promise of a 100% elected second Chamber?

The Deputy Prime Minister: As the right hon. Gentleman knows—he is a member of the very Committee that I have been chairing—that issue is still under discussion. We will make our views clear, as he well knows, when we publish the draft Bill. He talks about promises. Is that the equivalent of the promise to hold a referendum on the alternative vote—a manifesto commitment made by his party, which is now being blocked by the Labour party in the other place?

Parliamentary Constituencies

2. **Bob Blackman** (Harrow East) (Con): When he expects his proposals for fewer and more equally sized constituencies to be implemented. [33929]

The Deputy Prime Minister (Mr Nick Clegg): The Parliamentary Voting System and Constituencies Bill currently being considered, if somewhat stalled by the Labour party in another place, requires the boundary commissions to submit their reports before 1 October 2013. The Secretary of State or the Lord President is required to lay before Parliament an Order in Council to bring the commissions' recommendations into effect.

Bob Blackman: The majority of this House will certainly condemn the delays not only in this Chamber but in the other place. Does my right hon. Friend agree that that

demonstrates the Opposition's contempt for equal-sized constituencies and equal votes for people throughout the country?

The Deputy Prime Minister: As I said earlier, the leader of the Labour party said this very weekend that he believed in new politics and political reform, yet he cannot control members of his own party in the House of Lords. Either he did not mean what he said at the weekend, or he is too weak to lead his own party. Either way, the Labour party cannot be relied upon to deliver political reform.

Mr Ben Bradshaw (Exeter) (Lab): Many reform-minded Members of this House are getting fed up with the right hon. Gentleman's attitude to electoral reform. He has broken so many promises in the coalition agreement, so why does he not separate the date of the referendum on the alternative vote from the gerrymandering that his Government are putting through?

The Deputy Prime Minister: We want to hold the referendum as soon as possible. We think that it is right to hold it when people are going to the ballot box anyway. That will save the taxpayer £30 million. We think that that is the right way to proceed. We on the Government Benches do not agree on the issue of AV, but at least we agree that the British people should have their say—something that the Labour party is now trying to block.

Paul Uppal (Wolverhampton South West) (Con): My constituency is one of the smallest English seats. If I adhered to the principle of naked self-interest, I would be supporting the status quo. Is it not right that we have equal-sized constituencies—equality for all voters so that each vote has equal value?

The Deputy Prime Minister: Of course it is. It has been a principle for political and democratic reformers of all parties for generations that all votes should be valued in the same way. It simply cannot be right, for instance, that right now Islington North has an electorate of just over 66,000, and yet 10 miles away in East Ham the figure is 87,000. Voters in a constituency just 10 miles away have less value attached to their votes than those up the road. That is wrong. That is what we are seeking to remedy. It is a simple principle: all votes should be worthy of the same value wherever they are found in the country.

Chris Bryant (Rhondda) (Lab): I know that the Deputy Prime Minister gets in a terrible lather whenever anybody has the effrontery to contradict him, but may I suggest to him that he could perfectly easily have his referendum on the day that he wants it by splitting the Bill? It is perfectly straightforward. He said that the main reason for cutting the number of MPs is to save money. How does he reconcile that with the fact that it is costing £12.3 million extra every year for the 117 extra peers he has appointed, that it is costing £11.2 million extra for bringing the boundary review forward, and that he is to double the cost of the boundary commissions by making them every five years rather than every eight?

The Deputy Prime Minister: Cutting the number of MPs will save about £12 million every year, and holding the referendum on the same day as other elections saves us about £30 million. I do not understand why the hon. Gentleman wants to incur greater costs for the taxpayer—

Chris Bryant: It is not incurring more.

The Deputy Prime Minister: It is the choice of the coalition Government to say that we want to reform politics not in a piecemeal fashion, but in a meaningful way. To introduce both the right for people to have a say over the electoral system and to ensure that constituencies are of roughly the same size seems a perfectly sensible way to proceed. That is what we will do, and I do not think that the hon. Gentleman should be whipping up the dinosaurs in the Labour party in the other place to stop us from doing so.

Act of Settlement

3. **Alex Cunningham** (Stockton North) (Lab): What recent discussions he has had with ministerial colleagues on reform of the Act of Settlement. [33932]

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): I have had no recent discussions with ministerial colleagues on reforming the Act of Settlement.

Alex Cunningham: I am no monarchist, but does the hon. Gentleman agree with me that, if we must have a monarchy, women should have equality with men in succession?

Mr Harper: Ministers have already accepted that the provision in the Act of Settlement might well be discriminatory, and I have already confirmed at the Dispatch Box when responding to a previous debate, not that we are doing nothing, but that discussions are under way with other countries of which Her Majesty is Queen. She is not just our Queen, but Queen of 15 other realms, and those matters have to be taken forward together in a careful and considered way. It is not as straightforward as the hon. Gentleman would like to pretend it is.

Keith Vaz (Leicester East) (Lab): I welcome that response. As the Minister knows, my ten-minute rule Bill on that subject is to be introduced at 3.30 pm today. Will he confirm whether I could perhaps have that response in writing before the Bill is introduced?

Mr Harper: I look forward to the right hon. Gentleman's speech introducing his Bill. Discussions are under way, as has been confirmed in this House and in the other place. He knows that the Statute of Westminster states that those matters must be amended in all the other realms of which Her Majesty is Queen, and it takes only a moment's thought to see that that is not as straightforward a process as some who would wish to move more quickly might think.

Register of Lobbyists

4. **Rehman Chishti** (Gillingham and Rainham) (Con): What progress he has made on plans to introduce a statutory register for lobbyists. [33933]

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): My hon. Friend should know that the Government plan to carry out a wide-ranging consultation later this year and then to bring forward legislation in the second Session of this Parliament.

Rehman Chishti: Does the Minister agree that for the statutory register to be effective and fit for purpose, it must be robustly transparent?

Mr Harper: I do, and that is a very important point. Lobbying is a perfectly reputable industry for making sure that the voices of charities and businesses are heard, but it should be transparent so that people know who is talking to those in Parliament. That is what the Government intend to do—mainly to clean up the dreadful behaviour that we saw last year, which has resulted in some former Members having their passes removed.

Paul Flynn (Newport West) (Lab): The purpose of lobbying is to give further advantages to the already advantaged. Is the Minister not concerned that already lobbying has taken place between his Department and BSkyB which might have the most damaging consequences for the people of this country? Should not these reforms be brought in quickly by the Tory-Lib Dem junta?

Mr Harper: I do not agree with the hon. Gentleman's characterisation that all lobbying is to benefit the advantaged. Members are lobbied all the time by charitable organisations, charities and, as I found in my previous role in opposition, those who campaign on behalf of disabled people, for example. It is important, however, that such lobbying is transparent and that people know who is talking to Members of Parliament and members of the Government. That is exactly what our statutory register will achieve.

Mr Douglas Carswell (Clacton) (Con): I applaud the Minister's efforts, but will he consider proposals to shut the revolving door between big Departments and big business contractors, which leaves taxpayers ripped off and democracy diminished?

Mr Harper: Processes are already in place to vet what Ministers and former Ministers do after they leave both ministerial office and this House. My hon. Friend makes a good point, and those matters are being looked into and kept under review. I am sure that he will continue pressing that point in his usual vigorous way.

Topical Questions

T1. [33938] **Diana Johnson** (Kingston upon Hull North) (Lab): If he will make a statement on his departmental responsibilities.

The Deputy Prime Minister (Mr Nick Clegg): As Deputy Prime Minister, I support the Prime Minister on the full range of Government policy and initiatives. Within government, I take special responsibility for the Government's programme of political and constitutional reform.

Diana Johnson: Mindful of the difficulties that the right hon. Gentleman's rushed proposals for the AV referendum, muddled with the equally rushed boundary changes, are having in the other place, what persuaded him to insist on an electoral system that was not in his manifesto, while abandoning promises that were in his manifesto, such as votes at 16, the 3,000 more police officers and the scrapping of tuition fees?

The Deputy Prime Minister: I would have hoped that the hon. Lady would welcome and support the proposal to hold a referendum on the alternative vote system, not least for the reason that it was in her party's manifesto at the last general election.

Chris Bryant: Split the Bill!

The Deputy Prime Minister: The hon. Gentleman keeps saying "Split the Bill" from a sedentary position. We believe it is right to proceed together on reforming *[Interruption.]* No—*[Interruption.]*

Mr Speaker: Order. I apologise for interrupting the Deputy Prime Minister. Let me say to the hon. Member for Rhondda (Chris Bryant) and other Members that it is not too much for the Chair to ask that Members treat the Deputy Prime Minister with courtesy, whatever they think of him or his policies.

The Deputy Prime Minister: I find it extraordinary that, as I said, just a few days ago the leader of the Labour party said that he believed in new politics, but he is now using the oldest tricks in the book in the other place simply to stop the British people having their say. That is the worst kind of old politics I can imagine.

T2. [33939] **Duncan Hames** (Chippenham) (LD): If the Deputy Prime Minister is to save the taxpayer money by holding the fairer votes referendum on the same date as other elections in other parts of the country, how much longer can the board games in the other House continue?

The Deputy Prime Minister: As I reminded the House earlier, holding the referendum on the same day that people have an opportunity to vote anyway saves the taxpayer a considerable amount of money—£30 million. If we are to have a referendum on such an important issue, it is right in principle and in practice to do so on an occasion when people are invited to vote in any event.

T8. [33946] **Jim Sheridan** (Paisley and Renfrewshire North) (Lab): May I ask the Deputy Prime Minister about the referendum on the alternative vote taking place on the same day as the Scottish parliamentary elections? In Scotland, the Electoral Commission says that it does not have the resources to hold both votes on the same day. Will he agree to meet the electoral commissioner in Scotland?

The Deputy Prime Minister: My team and I are more than happy to meet the Electoral Commission with regard to Scotland. We have always maintained that the two votes are very different in nature. There are, of course, practical issues with the administration of the vote, which we are addressing. However, a vote for a devolved Parliament or Assembly and a vote on a referendum of this nature can easily be separated in the minds of voters.

T3. [33940] **Paul Uppal** (Wolverhampton South West) (Con): Does the Deputy Prime Minister agree that to restore trust in politics it is essential that we reduce the cost of politics in Westminster, especially at a time when so many people are struggling with increasing costs?

The Deputy Prime Minister: Absolutely; that is why I marvel at the Labour party's objection to saving £12 million every year by reducing the size of this place from 650 seats to 600. That is a modest cut of 7.6% which will bring the size of this Chamber into line with Parliaments in many other mature democracies. It is resisted only by Labour Members.

Ms Harriet Harman (Camberwell and Peckham) (Lab): May I ask the Deputy Prime Minister about his Government's actions on the national health service? By unleashing the biggest ever reorganisation at the very time when the NHS faces a real-terms cut in its budget, he is posing a huge threat to our national health service. How on earth can he justify that?

The Deputy Prime Minister: The only party in this House that wants to cut the NHS budget is the Labour party. The coalition Government have increased spending on the NHS. We recognise that if we want to preserve the very best of the NHS, it needs to be reformed in the years ahead. Crucially, we need a people's NHS—*[Interruption.]* We need an NHS that is there to serve patients, and is not a plaything of unaccountable bureaucracies. That is why we are reducing the layers of unaccountable administration in the NHS and ensuring that the people who know patients best—the GPs—have more say in how the system works.

Ms Harman: Yes, it is the people's NHS, and the Deputy Prime Minister has no mandate for the changes. Even after the general election, the coalition agreement said that there would be no "top-down reorganisation". This is a smash and grab on the NHS. Will he make the Government think again?

The Deputy Prime Minister: As it happens, in opposition we continually made the case against an over-centralised NHS that was not responsive enough to the needs of communities and patients, and insufficiently accountable to them. That is why we are giving more power, not less, to local authorities, particularly in the area of public health, and why we are giving more financial authority to GPs, rather than less, because they know patients best—*[Interruption.]* Hon. Members say "The private sector", but it was the Labour party that rigged the market through the introduction of independent treatment centres to force private sector providers in the NHS. Through the reforms, we will ensure that there is a level playing field, on which public, voluntary and private providers can compete.

T4. [33941] **Caroline Dinenage** (Gosport) (Con): Does the Deputy Prime Minister share my belief that the will of this House to equalise constituency boundaries and reduce the number of MPs should not be frustrated by the grotesque spectacle of former Labour Members, who have been rejected by the electorate, leading a filibuster in the other House?

The Deputy Prime Minister: It is indeed a spectacle to see on the television that former Members of this House who were virtually monosyllabic here have become so very loquacious in the other place, particularly late at night, to block a simple measure that was one of the great campaigning themes of the Chartists in the century before last—namely that all votes should be of the same value and that all constituencies should be roughly the same size. I think that everyone in the country would agree with that principle, except for Opposition Members.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): A few minutes ago, the Deputy Prime Minister said that the proposed cut in the number of seats in the House of Commons was a modest 7.5%. How would he describe the 25% cut that will happen in Wales?

The Deputy Prime Minister: It is all based on the simple principle that each constituency should represent, give or take a margin, roughly the same number of members of the public—voters—across the country. I do not think that even the hon. Gentleman would claim that Wales should somehow be exempt from that simple democratic principle.

T5. [33942] **Mrs Helen Grant** (Maidstone and The Weald) (Con): What action will the Deputy Prime Minister take to boost social mobility in Britain?

The Deputy Prime Minister: We have already taken a number of measures. For instance, just this April, 23 million basic-rate taxpayers will get £200 in their pockets, because we have dramatically increased the personal allowance, so that people who work hard, play by the rules and want to do best for themselves and their families get more money back. We have invested significant additional money in early years and pre-school support, with 15 hours' free pre-school support for all three and four-year-olds, and a new entitlement for the most disadvantaged children at the age of two. We are delivering the pupil premium, which by the end of this Parliament will mean a full £2.5 billion of extra money targeted at the most disadvantaged children, who were let down by the school system that we inherited from the previous Government.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): The system by which we elect parliamentarians is enormously important. We should have a proper debate and discussion in this country. If the Parliamentary Voting System and Constituencies Bill is not passed through the Houses of Parliament, how does the Deputy Prime Minister plan to allow for a full 10 weeks of campaigning, as recommended by the Electoral Commission?

The Deputy Prime Minister: It will be passed; we are determined that it shall be passed. It cannot be right that the Opposition, having failed to make their case in this place, are now using the lowest forms of foot-dragging in the other place to prevent this Government from proceeding with the political reforms that the hon. Lady's party used to believe in.

T6. [33943] **Paul Maynard** (Blackpool North and Cleveleys) (Con): Section 141 of the Mental Health Act 1983 means that any Member of this House who is in receipt of long-term mental health care forfeits his seat. We know that, nationwide, one in five people suffers from a mental health condition. No doubt the same figure applies in this House, yet no Member has ever spoken at length about their mental health conditions. What plans does the Deputy Prime Minister have to follow the recommendation of last year's Speaker's Conference to repeal section 141 of the 1983 Act?

Hon. Members: Hear, hear.

The Deputy Prime Minister: As we can hear from the reaction on both sides of the House, my hon. Friend has highlighted a very important issue, concerning a provision that the Speaker's Conference rightly identified should be repealed. It is simply not right that under section 141 of the Mental Health Act MPs lose their seats if they are detained in hospital under the Act for more than six months. We will shortly come forward with announcements to repeal section 141.

Simon Danczuk (Rochdale) (Lab): Does the Deputy Prime Minister intend to propose Elwyn Watkins, his twice-failed candidate in Oldham East and Saddleworth, for the House of Lords?

The Deputy Prime Minister: I have not lent it any thought so far.

T7. [33944] **Zac Goldsmith** (Richmond Park) (Con): The Deputy Prime Minister's proposed recall mechanism will apply only to MPs, and its use will be possible only with the permission of a narrow, parliamentary committee. Will he consider expanding the mechanism, to include other elected representatives, and revising it, so that recall decisions lie with constituents, not parliamentary committees?

The Deputy Prime Minister: The coalition agreement stipulates that we want to introduce a recall mechanism, as exists in parts of north America and elsewhere, for those parliamentarians who have committed wrongdoing. It is important that it should not be a completely arbitrary mechanism; it should be shown that serious wrongdoing has been committed. We have recently seen various serving or former MPs in court, with one having been convicted and been handed down a prison sentence, and the public have been reminded that they do not want to be left powerless when they see such wrongdoing occurring. They do not want to wait until the next general election to have their say; they want to be able to force a by-election themselves. We will come forward with the detail of our ideas on how to do that shortly. I hear what my hon. Friend says about wanting the mechanism to be extended to other bodies immediately, but I hope that when he sees our proposals, he will recognise that we are taking a significant step in favour of giving people that recall power.

Anas Sarwar (Glasgow Central) (Lab): Last week the Deputy Prime Minister spoke of "alarm clock Britain". Given the collapse of Liberal Democrat support in the opinion polls and the complete rejection of the Liberal Democrats in Oldham East and Saddleworth, will he heed the wake-up call before his MPs and party are forced to face electoral oblivion?

The Deputy Prime Minister: I heard the same predictions before the Oldham East and Saddleworth by-election—that we would disappear without trace into complete oblivion—but our share of the vote went up. Honestly, the utter— *[Interruption.]*

Mr Speaker: Order. I wish to hear the Deputy Prime Minister. I would happily hear him for longer if there were more time, but there is not.

The Deputy Prime Minister: It went up because many people in Oldham East and Saddleworth and elsewhere recognise that we are doing a very difficult job in difficult circumstances. Why? Because we inherited the most unholy mess from the previous Labour Government, who have now forced us—*[Interruption.]* The hon. Member for Glasgow Central (Anas Sarwar) might just want to listen. We are spending £120 million every single day simply to pay off the interest on the debt caused by his party when it was in government. That is enough to build a primary school every single hour. What waste. What a terrible legacy.

T9. [33947] **Dr Julian Huppert** (Cambridge) (LD): What plans does my right hon. Friend have to review, amend or repeal sections 3 to 18 of the Digital Economy Act 2010, which was rushed through so awfully by the last Government?

The Deputy Prime Minister: This Government do not believe that people should be able to share content unlawfully, but we are disappointed that the industry has not made faster progress towards adapting its business models to meet consumer demand. I agree with my hon. Friend that there are legitimate concerns about the workability of some aspects of the Digital Economy Act. The Government are looking actively at those questions now, and we will make an announcement in due course.

Ann Clwyd (Cynon Valley) (Lab): May I suggest to the Deputy Prime Minister that the reputation of this House is being maligned during the debate on the Parliamentary Voting System and Constituencies Bill? That is because Front-Bench spokespersons for the coalition have continually said that we are not interested in the Bill in this place, and that we could have debated the amendments that the Lords are debating at the moment. That is simply untrue. I was one of 20 Members who was standing during the debate in Committee on the Welsh constituency boundaries, and we were not called to speak. So it is simply not true to say that people in this House are not interested in the excellent discussion that is taking place up the corridor.

The Deputy Prime Minister: I wonder whether the right hon. Lady would characterise the debate taking place in the other place as "excellent" if she were to have a look at the foot-dragging that is now taking place on the Labour Benches there. I am sorry if she was not called to speak during the debate on the Bill when it passed through this place, but, as she knows, there were eight full days of debate on the Bill, which was subject to the fullest possible scrutiny.

ATTORNEY-GENERAL

The Attorney-General was asked—

Rape (Prosecution)

1. **Valerie Vaz** (Walsall South) (Lab): How many specialist rape prosecutors there are in the Crown Prosecution Service. [33907]

The Attorney-General (Mr Dominic Grieve): The appointment of specialist rape prosecutors is the responsibility of local chief Crown prosecutors, who appoint specialist prosecutors in accordance with the requirements of their area. The Crown Prosecution Service is currently unable to provide figures as to how many specialist rape prosecutors there are in the CPS. However, the CPS has trained and appointed a significant number of prosecutors as specialist rape prosecutors as part of a rolling programme in all 42 CPS areas. By the end of March 2011, all training for 2010-11 will be completed, and the information on the number of specialists will then be available.

Valerie Vaz: I thank the Attorney-General for his response. May I remind him that the Stern report said that nine out of 10 rapes go unreported? Given the 25% cuts in the budget of the CPS, will he assure us that all those who have been trained by the end of March 2011 will be in jobs?

The Attorney-General: First, I can give the hon. Lady a figure: 584 delegates are shown as having attended the rape and serious assault training course between July 2008 and December 2010. That might help to give her an idea of the numbers. There is no intention that the priority that is given to this extremely serious offence should be in any way downgraded as a result of savings having to be made within the Crown Prosecution Service.

National Fraud Authority

2. **Ian Murray** (Edinburgh South) (Lab): What responsibilities the Law Officers' Departments have for the National Fraud Authority. [33908]

The Solicitor-General (Mr Edward Garnier): The National Fraud Authority is an Executive agency of the Attorney-General's Office, which is the authority's sponsoring Department. The Law Officers are the Ministers accountable to Parliament for the work of the agency.

Ian Murray: I am grateful for that answer. Given the estimated £30 billion cost to the UK economy of fraud, does the Solicitor-General agree that the coalition's spending cuts must not undermine the work of the National Fraud Authority?

The Solicitor-General: I would agree, and they will not.

Phone Hacking

3. **Mr Tom Watson** (West Bromwich East) (Lab): What support the Law Officers' Departments have provided for the investigation by the Metropolitan Police Service into alleged telephone hacking and blagging; and if he will make a statement. [33909]

The Attorney-General (Mr Dominic Grieve): The roles of the police and the Crown Prosecution Service are distinct. The police investigate allegations of criminal conduct; the Crown Prosecution Service provides them with advice, when requested to do so, and takes prosecution decisions. The constitutional role of the Law Officers is to superintend the CPS. The Law Officers are not involved in the provision of such advice. On 14 January, the Director of Public Prosecutions announced that the CPS would conduct a comprehensive assessment of all material in the possession of the Metropolitan Police Service relating to phone hacking, following developments in the civil courts in cases taking place on this issue. The purpose of this assessment is to ascertain whether there is any material that could now form evidence in any future criminal prosecution relating to phone hacking.

Mr Watson: Are the Law Officers confident that the CPS is giving the right advice? In particular, is it asking the Metropolitan police to examine the separate secure e-mail server used by News International executives of the grades of Andy Coulson and Rebekah Wade and also to examine the existing illegally transcribed phone message made by Ross Hall for "Neville"?

The Attorney-General: The hon. Gentleman may have seen a copy of the letter written by Mr Yates, the acting deputy commissioner, to the Director of Public Prosecutions. That letter makes it quite clear that he wishes to re-examine all the material collected in this matter and then to seek the advice of the CPS and the DPP in relation to it.

Nicholas Soames (Mid Sussex) (Con): Does the Attorney-General agree that it is important for this matter not to be just a witch hunt against the Murdoch press, which is what the Opposition are trying to turn it into? The Information Commissioner's report published some time ago made it plain that this habit of hacking and bad behaviour by reporters was happening across the whole of the press, not just in the Murdoch press. Will he make sure that the issue does not become concerned only with the Murdoch press, but that the investigation is carried out on a wider basis?

The Attorney-General: I am not going to be drawn into making criticisms of any individual in this matter. What is quite clear is that the hacking into telephones is indeed a serious criminal offence, that the Crown Prosecution Service will apply the code of Crown prosecutors in order to weigh up the information and evidence available, and that it is plainly in the public interest for proceedings to be brought against individuals where there is evidence that an offence has been committed.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): As the Attorney-General is aware, serious concerns have been expressed about the handling of the *News of the World* phone hacking investigations to date. The announcement of a comprehensive assessment of all the material held by the Metropolitan Police Service is to be welcomed, but will the right hon. and learned Gentleman confirm whether he shares these concerns about the handling of the case to date? Will he clarify what prompted this change in direction only a matter of weeks after the CPS announced that there was no admissible evidence on which it could properly advise the police to bring criminal charges?

The Attorney-General: The hon. Lady must understand that any investigation in accordance with the code for Crown prosecutors must take account of the information and evidence available. If evidence and information become available that warrant looking further at a matter, that is exactly what happens. In this particular

case, as I indicated in my first answer, information has emerged in the course of civil proceedings, which gives rise to a justification and reason for looking again at the material. That is exactly what the police and the CPS are going to do.

Judicial Review (Ministerial Decisions)

4. **Tony Baldry** (Banbury) (Con): On how many occasions decisions by Ministers have been overturned on judicial review in the last five years. [33910]

The Solicitor-General (Mr Edward Garnier): Figures for the number of occasions on which decisions by Ministers have been overturned on judicial review in whole or in part over the last five years are not held centrally, and such information could be provided only at disproportionate cost.

Tony Baldry: Well, there have clearly been quite a number. Does not the Solicitor-General's response highlight the fact that the concept and reality of parliamentary sovereignty are often misunderstood and that, increasingly, the last word on what Parliament has decided will not be determined here, but by the judges on the other side of Parliament square, in the Supreme Court? The increase in judicial review is a reality that is now part of our constitutional fabric.

The Solicitor-General: I do not think that my hon. Friend, who is an eminent member of the Bar, is at all confused about the concept of parliamentary sovereignty. Nor, if I may say so, is our right hon. Friend the Minister for Europe, who responded to the debate on clause 18 of the European Union Bill last Tuesday.

Judicial review has increasingly become part of the legal armoury since the second world war. Ministers, whether of the present Government or the last, are not above the law, and it is for our independent judiciary to arbitrate, through judicial review cases, in disputes between the citizen and the state. The courts apply the laws enacted by Parliament, and Parliament can make, amend and repeal legislation as it thinks fit.

Ian Lucas (Wrexham) (Lab): Given the increase in judicial activism and, in particular, legislative activism on the part of the judiciary, is it not important for us to examine much more closely the qualifications and background of the individuals who are making these decisions, so that we can ensure that the judiciary is much more representative of the society from which we all come?

The Solicitor-General: That is a point of view. I tend to think that judges ought to be highly professional, legally qualified and of the highest intellect. If the hon. Gentleman takes a different view, perhaps he will let us know.

Arrest Warrants (Private Prosecutions)

5. **Mr Andrew Love** (Edmonton) (Lab/Co-op): What estimate he has made of the likely funding required by the Crown Prosecution Service to implement proposals to restrict arrest warrants in private prosecutions. [33911]

The Attorney-General (Mr Dominic Grieve): The Crown Prosecution Service continues to assess the costs of implementing the proposals to restrict arrest warrants in private prosecutions. The service currently expects any additional costs to be absorbed in current resources. I should point out that such private prosecutions relate solely to cases involving international jurisdiction.

Mr Love: What guidelines are likely to be set in relation to the time that the Director of Public Prosecutions is given in which to respond to private arrest warrant applications, and will those guidelines take into account late notification of arrivals?

The Attorney-General: By its very nature, the system that is likely to operate when such references are made to the DPP will involve extremely short time frames. The point has been well made in the House that it is much better to go to the police and make a complaint, because the police can arrest, interview, search and conduct forensic examinations. If an application is made through a private prosecution or through the DPP, all that is possible is for a person to be taken immediately to court. I have no doubt that the DPP will ensure that he can operate within a time frame that reflects the urgency of the matter concerned.

Sir Alan Beith (Berwick-upon-Tweed) (LD): I welcome the fact that Ministers are dealing with the matter, and that they are doing so by using the DPP rather than the Attorney-General as the person to whom reference can be made. Will this be covered in any way by the superintendence responsibilities of the Attorney-General, or will it be clear that the DPP has an independent role in the matter?

The Attorney-General: The decision will be that of the Director of Public Prosecutions. As in all matters, if the DPP wishes to consult the law officers in relation to their superintendence, it will be open to him to do so.

Jeremy Corbyn (Islington North) (Lab): Does the Attorney-General not agree that the reputation of the country would be better served if the current system whereby private individuals can seek prosecutions in the courts, or seek arrest warrants in the courts for crimes against humanity or war crimes, were preserved rather than taken away and handed over to public officials?

The Attorney-General: I think that the reputation of the country will be best preserved through proper and targeted work by the police and prosecutors to bring to justice those who have a case to answer. The reputation of the country will not be served if the use of private prosecutions is seen merely as a tool of harassment, and there is no proper outcome from an arrest.

Human Trafficking

6. **Lisa Nandy** (Wigan) (Lab): What recent representations he has received on the effectiveness of prosecutions in human trafficking cases. [33912]

The Solicitor-General (Mr Edward Garnier): We have not received any.

Lisa Nandy: Is the Solicitor-General aware that many solicitors still face many problems taking instructions from child victims of trafficking who wrongly believe that their trafficker is their friend? If the Government are serious about ensuring that there are more prosecutions for this heinous crime, why will they not ensure that every child who undergoes the gruelling, awful court process is afforded a guardian to represent his or her best interests?

The Solicitor-General: I am grateful to the hon. Lady for drawing my attention to the fact that someone of that nature is not available. I had hoped that that was the case. I will make some inquiries of the Crown Prosecution Service to establish what assistance of that sort can be given, but it is fair to point out that the courts and the Crown Prosecution Service already bend over backwards to ensure that vulnerable witnesses, be they children or vulnerable adults, are afforded every possible protection so that they can give their evidence. Without the evidence, we cannot have the convictions.

Domestic Violence

7. **Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): What recent discussions he has had with the Director of Public Prosecutions on the Crown Prosecution Service's performance in the prosecution of cases involving allegations of domestic violence. [33913]

8. **Gavin Shuker** (Luton South) (Lab/Co-op): What recent discussions he has had with the Director of Public Prosecutions on the Crown Prosecution Service's performance in the prosecution of cases involving allegations of domestic violence. [33914]

The Attorney-General (Mr Dominic Grieve): I have regular discussions with the DPP on a range of criminal matters. Domestic violence is a serious crime, which has real and lasting effects on the victim, their children, their wider family and society as a whole. I support the work undertaken by the CPS with other agencies to improve the way in which prosecutions are conducted and victims are treated in such cases.

Luciana Berger: How will the CPS prosecute domestic violence cases in the approximately 10 areas where proposed court closures include specialist domestic violence courts?

The Attorney-General: The hon. Lady raises an important issue, of which we are extremely mindful. Work is currently taking place within the court estate rationalisation programme, working in conjunction with the domestic violence national steering group, to issue guidance in those areas where provision may be affected. The detail of that will be finalised once the decisions and announcements are made. The CPS is absolutely determined to maintain the current quality of provision.

Gavin Shuker: The Attorney-General acknowledges that the domestic violence prosecution rate improved greatly under the last Labour Administration. What measures will he put in place to ensure that it continues to improve against the backdrop of the 25% cut to the CPS budget?

The Attorney-General: We are doing a number of things. We are developing the recently launched cross-Government violence against women strategic narrative. For the CPS, we agreed on a number of steps to improve domestic violence prosecutions and the safety and support of victims, including specialist co-ordinators, guidance in respect of stalking, effective monitoring of cases and legislation, and ways to improve communication with victims. In addition, guidance for prosecutors on stalking and harassment cases was launched in September 2010, and a new violence against women assurance regime was launched on 1 January 2011. As there is not enough time available now to allow me to amplify my remarks further, I will be happy to write to the hon. Gentleman with details of some of the things we are doing.

Mr Robert Buckland (South Swindon) (Con): Will my right hon. and learned Friend do all he can to ensure that all Government agencies and Departments have a unified definition of domestic violence, as there seem to be alarming differences in that definition between different Departments, and that needs to be remedied at the earliest opportunity?

The Attorney-General: I am grateful to my hon. Friend for bringing that to my attention. It might be helpful if I have a conversation with him so he can identify in greater detail where he thinks these current misdescriptions exist. I entirely agree that it is important that we are all singing from the same hymn sheet.

CHURCH COMMISSIONERS

The hon. Member for Banbury, representing the Church Commissioners, was asked—

Redundant Churches

1. **Andrew Stephenson** (Pendle) (Con): Whether the Church Commissioners have made an estimate of the number of redundant churches converted to other uses in the past five years. [33917]

The Second Church Estates Commissioner (Tony Baldry): In the last five years, there have been 117 schemes for dealing with churches that are no longer being used as regular places of worship, 93 of which have resulted in their being provided for alternative use.

Andrew Stephenson: I thank my hon. Friend for that answer. St Mary's church in Nelson is probably the largest church in my constituency, and it has a 170-feet high tower and spire. However, it was last used for worship in 1989, and it has remained boarded up and empty since its deconsecration. Although St Mary's itself is now owned by a heritage trust, will my hon. Friend tell the House what the Church Commissioners are doing to ensure that redundant churches are put to good use?

Tony Baldry: Nelson St Mary was closed for worship in 1987. At that point, a decision would have been made whether to transfer it to the Churches Conservation Trust as a redundant church or to sell it. It was sold in 1989, and at that point the Church Commissioners' responsibility for the building ceased.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Does the hon. Gentleman agree that many churches can remain in use while adapting to accommodate other uses? Will he commend the work of English Heritage and its field officers in trying to achieve that, and will he so organise the affairs of the Church Commissioners that they encourage and facilitate this kind of continuing useful worship?

Tony Baldry: Absolutely. Increasingly, churches are being put to other uses, ranging from post offices to shops, and from community centres to internet cafés. There are 19,000 churches across the country and in many communities the church is the most prominent public building, so we want to make sure that churches are used as much as possible, rather than just for a couple of hours each week on a Sunday.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for South West Devon, representing the Speaker's Committee on the Electoral Commission was asked—

Voter Registration

2. **Robert Halfon** (Harlow) (Con): What steps the Electoral Commission plans to take in respect of areas where voter registration remains low. [33918]

Mr Gary Streeter (South West Devon): The Electoral Commission monitors the performance of electoral registration officers using a set of published performance standards designed to support the completeness of electoral registers. The Electoral Commission advises and works with local authorities that do not meet the standards in order to improve their performance.

Robert Halfon: I thank my hon. Friend for his reply. Where electoral registration officers are failing on the ground, what specific powers does the Electoral Commission have to intervene?

Mr Streeter: My hon. Friend is on to a good point. The Electoral Commission has the power to make recommendations to electoral registration officers—after all, they are primarily responsible for concluding the registers—if they are underperforming, but it has no power to intervene and change the way that things are done. This may be something that the House might like to examine in due course.

Mr Clive Betts (Sheffield South East) (Lab): I do not know whether the hon. Gentleman is aware that, peculiarly, electoral registration officers are not subject to the Freedom of Information Act, so obtaining information from them if they refuse to give it is extremely difficult. Will he examine this point, because it seems that all other local authority officers are subject to this legislation, but electoral registration officers are not?

Mr Streeter: I am sure that the Electoral Commission was aware of that point. I was not, but I will certainly take it back to the Electoral Commission and to the relevant Departments to make sure that it is examined, because there seems to be a bit of an anomaly.

CHURCH COMMISSIONERS

The hon. Member for Banbury, representing the Church Commissioners, was asked—

Christians in Pakistan

3. **Rehman Chishti** (Gillingham and Rainham) (Con): What representations the Church Commissioners have made in support of Christians in Pakistan. [33919]

The Second Church Estates Commissioner (Tony Baldry): It is a sad and terrible fact that Christian minorities who have lived peacefully in Muslim countries for generations are finding themselves subject to increasingly violent persecution. Churches have recently been attacked in Egypt, Iraq and Nigeria, and the assassination in Pakistan of Salmaan Taseer for defending a Christian woman who had been sentenced to death was particularly horrible. The Archbishop of Canterbury, the Anglican Bishop of Lahore and, indeed, the Christian community as a whole in Pakistan are working hard to foster inter-faith collaboration in Pakistan during this time of difficulty.

Rehman Chishti: Will my hon. Friend join me in paying tribute to the former assassinated Governor of Punjab, Salmaan Taseer, for the work that he did on this particular issue? Will my hon. Friend ensure that representations are made to the Government of Pakistan to ensure that the excellent work of Governor Taseer can continue?

Tony Baldry: Salmaan Taseer was an incredibly brave man and his death is a tragedy for Pakistan. We would all do well to remember the words of Jinnah, the father of Pakistan, who said in terms that

"you are free to go to your temples, you are free to go to your mosques or to any other place of worship".

What I suspect every Member of this House hopes for is that there shall be freedom of religion throughout the world, and I am sure that, as a Chamber, we will continue to campaign for that wherever we have the opportunity.

Christians in Sudan

4. **Fiona Bruce** (Congleton) (Con): What steps the Church Commissioners are taking to help support Christians in Sudan. [33920]

Tony Baldry: The Church of England supports the Episcopal Church of Sudan. The dioceses of Bradford and Salisbury have diocesan links to Sudan and have done great work in the region to support the Christian community, as has Christian Aid.

Fiona Bruce: I thank my hon. Friend for that reply. It looks as though there will be a new state of Southern Sudan, but it will face enormous challenges. Meanwhile, Christian minorities in the north of Sudan will face continued persecution, as organisations such as Christian Solidarity Worldwide have highlighted during many years of work across Sudan. Will the Church of England do what it can to support and protect Christians and other minorities in the north of Sudan, while also helping, where appropriate, in Southern Sudan?

Tony Baldry: My hon. Friend is absolutely right about this. Minority groups in northern Sudan have faced persecution, which is one of the many problems facing people in the region. Most southern Sudanese live on less than $1 a day, the country has almost no infrastructure—there are just 38 miles of tarmacked road in an area the size of France—and people are traumatised by years of rape and killings. I am sure that the Church of England and non-governmental organisations such as Christian Aid and Christian Solidarity Worldwide will give the people of Southern Sudan all possible support. Indeed, it behoves all of us to do what we can to support what may soon be the newest member of the United Nations as it sets out on the challenging road of nationhood.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for South West Devon, representing the Speaker's Committee on the Electoral Commission was asked—

Expenditure

5. **Sajid Javid** (Bromsgrove) (Con): What steps the Electoral Commission has taken to reduce its spending over the next three years. [33921]

Mr Gary Streeter (South West Devon): The Electoral Commission plans to reduce its core costs by 27%, or approximately £4.5 million, over the next three years, mainly by cutting spending on year-round public awareness work, staffing and offices.

Sajid Javid: I am pleased to learn about the cost-cutting, but can my hon. Friend reassure me that the Electoral Commission will have enough funds properly to promote the upcoming alternative vote referendum? Whatever one's views on AV—I, for the record, am against it—we must ensure that the public are aware of the referendum and its importance.

Mr Streeter: My hon. Friend raises a very important point. Levels of public awareness about the forthcoming referendum on the alternative vote system are extremely low. The Electoral Commission has a budget of just over £9 million for the main referendum, which will enable a leaflet to be distributed to every household in the United Kingdom as well as a wider public awareness campaign.

Mr Andrew Love (Edmonton) (Lab/Co-op): With 3.5 million voters missing from the registers, will the Electoral Commission give even greater priority to electoral registration? With the difficulties faced by local government and the likelihood that it might look to electoral registration departments to make reductions, will the Electoral Commission ensure that the system is properly policed?

Mr Streeter: It is terribly important in this country that we try to achieve maximum registration of voters wherever possible. I encourage every colleague to visit their electoral registration officer and quiz them on how they are going about this important task. If any colleague is not happy with the work of an ERO in any locality, the Electoral Commission would be very pleased to hear from them.

Simon Hughes (Bermondsey and Old Southwark) (LD): Would the hon. Gentleman consider persuading the Electoral Commission to join the campaign for a democracy week—or democracy day—every year in March, ahead of the normal election cycle, as a very cheap and cost-effective way of raising consciousness about electoral registration and participation in elections and referendums?

Mr Streeter: My hon. Friend is always full of good ideas. That is another one, which I shall certainly pass on to the Electoral Commission.

CHURCH COMMISSIONERS

The hon. Member for Banbury, representing the Church Commissioners, was asked—

Parish Priests

6. **Miss Anne McIntosh** (Thirsk and Malton) (Con): How many vacancies there are for parish priests in rural areas; and if he will make a statement. [33922]

The Second Church Estates Commissioner (Tony Baldry): Vacancies are managed individually by each separate diocese. The last clergy vacancy in my hon. Friend's constituency of St Michael's, Kirklington was filled before Christmas after a short vacancy.

Miss McIntosh: I am most grateful for that reply. Does my hon. Friend share my concern about the number of rural parishes that vicars are asked to look after? What attention are the Church Commissioners giving to that vexing problem?

Tony Baldry: I am glad to say that the Church does not generally find difficulties in the recruitment of stipendiary clergy. Of course, it is for each diocese to decide how to organise parishes into benefices. I am told by the dioceses of Ripon and Leeds and of York that they do not have difficulty filling rural stipendiary posts. Clearly, the clergy find these appointments satisfying and rewarding.

Women Bishops

7. **Diana Johnson** (Kingston upon Hull North) (Lab): What assessment the Church of England has made of the likely requirement for provincial episcopal visitors following the entry into force of any legislation enabling the consecration of women bishops. [33923]

Tony Baldry: Provincial episcopal visitors operate under the terms of the Act of Synod, which will be rescinded if the draft legislation to enable women to become bishops is approved and brought into force. It will on any basis be at least two more years before that stage is reached and there remain important questions about how suitable episcopal oversight will be provided under the new legislation and associated code of practice for those with theological difficulties over the ordination of women.

Diana Johnson: Given the general climate of cutting costs and removing superfluous posts, if the welcome reform of women bishops is going to happen soon, which I hope it will, should not the new flying bishops be grounded now?

Tony Baldry: The provincial episcopal visitors are there under the Act of Synod. Under the Act of Synod, the archbishop is expected to take steps to secure the appointment of up to two additional suffragans in his diocese to act as provincial episcopal visitors. As I have explained, even if the Synod gives final approval to the draft legislation, the Act of Synod will remain in place for some time to come. We must keep faith with all sorts of different groups in the Church of England until there is a final decision on women bishops within the Church.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for South West Devon, representing the Speaker's Committee on the Electoral Commission was asked—

Franchise (Overseas Citizens)

8. **Tony Baldry** (Banbury) (Con): What steps the Electoral Commission is taking to ensure that citizens resident overseas who are not entitled to vote are not included on electoral registers for parliamentary elections. [33924]

Mr Gary Streeter (South West Devon): The Electoral Commission has issued guidance to electoral registration officers on the checks they must carry out to determine whether to grant applications to register as an overseas elector. This includes checking evidence of the age of the applicant, their citizenship status and their relevant qualifying address in the United Kingdom.

Tony Baldry: What I want to know from my hon. Friend is what measures there are to make sure that returning officers and electoral registration officers ensure that those who are not entitled to be on the electoral register—foreign nationals and others—do not simply fill in and return the form to put themselves on the electoral register because it helps them to get other benefits and then have a vote although they are not entitled to one.

Mr Streeter: My hon. Friend makes an extremely important point. He will be pleased to know that electoral registration officers have a range of powers to require extra information from people on the register, including evidence that they meet either or both of the requirements of eligibility. Other measures available to EROs are the ability to make house-to-house inquiries and to inspect other council records. However, my hon. Friend raises an important point and sends an important signal to EROs around the country to do their job well.

CHURCH COMMISSIONERS

The hon. Member for Banbury, representing the Church Commissioners, was asked

King James Bible

9. **Hugh Bayley** (York Central) (Lab): What steps the Church Commissioners are taking to assist in the celebration of the 400th anniversary of the King James version of the Bible. [33925]

The Second Church Estates Commissioner (Tony Baldry): In her inauguration address to the General Synod, Her Majesty the Queen emphasised the importance of the King James Bible and the lasting impact it has had on the life of the Church and on the nation. The Archbishop of Canterbury also used his new year message to draw attention to the anniversary and enduring significance of the King James Bible. The 2011 celebrations were launched at Hampton Court and the King James Bible Trust, chaired by the right hon. Member for Birkenhead (Mr Field), has been set up to oversee the programme of events and activities planned around the world to mark 400 years since the creation of the book that changed the world.

Hugh Bayley: Hundreds of words and phrases in modern English came from the King James Bible, such as, "Eat, drink and be merry," "Grinding the faces of the poor," "No peace for the wicked" and "Fly in the ointment." York minster and the trust will celebrate this event in many ways this year, but what will the Church Commissioners do to make this a truly national celebration of our language and culture?

Tony Baldry: The Church Commissioners will give every possible support to the trust because, as the hon. Gentleman says, no book has had a greater influence on the English language. It is a masterpiece of literature that unites English-speaking people everywhere. Indeed, a number of expressions are unique to the King James Bible, some of which are relevant to politics, such as, "How are the mighty fallen," "Set your house in order," "Be horribly afraid", "A thorn in the flesh," "Let us now praise famous men" and "To everything there is a season." My favourite phrase from the King James Bible is, "My father chastised you with whips, but I will chastise you with scorpions."

NEW MEMBER

The following Member made and subscribed the Affirmation required by law:

Deborah Angela Elspeth Abrahams, for Oldham East and Saddleworth.

Points of Order

3.34 pm

Ian Lucas (Wrexham) (Lab): On a point of order, Mr Speaker. I know that you are always anxious that announcements should be made to the House of Commons first. I was very disturbed this morning to hear that the Department for Work and Pensions had made an announcement that voluntary redundancies affecting Remploy are to be made. There was press coverage in *The Daily Telegraph* and I believe that a statement is being issued by the Department. There is a factory in Wrexham that has among its staff a number of individuals, some of the most vulnerable members of our community, who will be desperately worried by such a statement being issued by the Department. Have you had any indication whatever that someone from the Department will be coming to the House so that we can ask questions about the detail of the proposals?

Mr Speaker: No. I have had no indication of an intention by a Minister to make a statement. If the hon. Gentleman is dissatisfied and he thinks that a procedural impropriety has taken place, first he may find other means through the Order Paper to pursue his concerns and to air his grievances; secondly, he might want to draw the matter to the attention of the Procedure Committee, which is looking into issues of this kind.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): On a point of order, Mr Speaker. Today we were told through the media that there would be no movement on a rural fuel derogation, which would have taken 5p off a litre in certain areas. In my Hebridean constituency, people have paid up to £1.45 a litre, which includes the recent, quickly implemented, VAT rise.

Only 100 days ago, the Chief Secretary to the Treasury told a Lib Dem conference that

> "I can announce to you today that with my approval, Treasury officials have started the process of engaging with the European Commission on our detailed plans".

Can we have these announcements in Parliament, and get the relevant Treasury Minister to the Dispatch Box, so that we have a full and clear picture of what this Government are doing and a timetable set out, so that they do not shilly-shally for four years like the previous Labour Government?

Mr Speaker: The hon. Gentleman has made his point with great force, but it is not a point of order for the Chair. I will leave it there today.

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): On a point of order, Mr Speaker. On 20 December, I asked the Transport Secretary in this House about the Government's response to winter weather in my constituency. The Transport Secretary undertook to write to me that afternoon with the Government's reply. I have so far not received a response, and when I called the Transport Department today, the correspondence unit informed me that no letter had been sent. Can you help me understand whether I should expect a reply from the Minister?

Mr Speaker: It is possible that as a result of the point of order that the hon. Gentleman has just raised, the reply for which he is waiting may soon arrive. I can say

beyond that only that the hon. Gentleman will have doggedly to pursue the matter if necessary, but of course it is right both that Members should get speedy answers to their questions and that promised letters to Members should be sent timeously.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): On a point of order, Mr Speaker. I believe earnestly that this is a real point of order; it is a procedural matter. You may remember that in order to involve the House further in public appointments, there were introduced only a short time ago pre-appointment hearings for particular jobs. I understand today that the Secretary of State for Education has appointed a new children's commissioner with no pre-appointment hearing at all.

Mr Speaker: Off the top of my head, it is not a matter of order for the Chair. What I would say to the hon. Gentleman is that the Select Committee that scrutinises the relevant Department might well be interested in the matter, and it is a Select Committee of which I think, as a previous Chair, the hon. Gentleman has very substantial experience. It may serve him well in the matter.

If there are no further points of order, we come now to the ten-minute rule motion for which the right hon. Member for Leicester East (Keith Vaz) has been waiting patiently and without complaint.

Succession to the Crown

Motion for leave to bring in a Bill (Standing Order No. 23)

3.39 pm

Keith Vaz (Leicester East) (Lab): I beg to move,

That leave be given to bring in a Bill to remove any distinction between the sexes in determining the succession to the Crown.

At very outset, I need to declare my interest. No. I am not one of those who is in line to the throne. However, I am a fervent monarchist. I believe passionately that the British monarchy is an institution widely respected and highly regarded in this country and greatly admired abroad and that the current occupant of the throne will go down in history as one of the greatest monarchs that we have ever had. This one-clause Bill therefore seeks to celebrate the monarchy and strengthen it, rather than to cause any mischief.

For the past 300 years, the basis for succeeding to the throne has been determined by male preference primogeniture. A product of the 17th century's constitutional developments, the Act of Settlement 1701 enshrined men as first in line to the throne regardless of age.

At this time, the next in line to the throne is His Royal Highness the Prince of Wales. He is followed by His Royal Highness Prince William. The Bill will not affect that line of succession. Only a couple of months ago, the House joined the rest of the country in celebrating the engagement of Prince William to Miss Catherine Middleton. This is therefore the right time to look at the issue.

Any daughters of Prince William would not succeed their father to the throne if they had a male sibling younger than them. Whereas that might have been acceptable in another age, I believe that at this time in our history Britain is a modern, egalitarian society and that this ought to be reflected in our succession rules. Thus, before any question arises over the heir to the throne, we need to resolve it now. History has shown us the need for absolute clarity. I have known for a long time, and the Leader of the Opposition discovered recently, that it is always better to know where we stand with respect to our siblings, royal or otherwise.

At the centre of this debate is a great principle: gender equality. In Britain, we have had a woman Prime Minister and continue to see more women in the House, though we need even more. The reality is that the public want more women to take high office. The 2001 census showed that Britain is a majority female country: 52% compared with 48% men. The success of women is nowhere better reflected than in the monarchy.

Three of the country's longest-serving and most successful monarchs have been women. The 58-year reign of Queen Elizabeth I during that golden age, and Queen Victoria's 64-year reign, when Britannia literally ruled the waves, are only two examples; another is our current monarch. Queen Elizabeth II has for 58 years led Britain through dramatic and significant changes in an outstanding and exemplary manner and will celebrate her diamond jubilee in 2012.

Queens have served Britain longer and, some would argue, with more stability than Kings. It might be pertinent to mention that Her Majesty may never have become Queen if her father, King George VI, and her mother, Queen Elizabeth, had had a younger son instead of a younger daughter, Princess Margaret.

[Keith Vaz]

Parliament has in the past demonstrated its ability to act against male dominance in the line of succession. In 1688, when James II fled the country, Parliament decreed that he had "abdicated the government" and the throne was offered to his daughter, Mary, and her husband, William of Orange, as joint rulers, rather than his son, James Francis Edward Stuart, the Old Pretender.

Dr William McCrea (South Antrim) (DUP): That's all right.

Keith Vaz: James was not a member of the Scottish National party.

Our country leads the way in equality issues, and that should be reflected in our succession rules. Comparing our succession laws internationally highlights the advancement of our European counterparts. The House might often be wary of looking to our European partners to set the standards but, on equality in succession rules, I am afraid that Europe is ahead of the game.

Five monarchies have already eliminated male dominance and introduced equality. In Sweden, after the retroactive approval of equal succession rights in 1979, the older Victoria became Crown Princess over her younger brother, Prince Carl Phillip, and she will be the future Queen of Sweden. In the Netherlands, equal succession was adopted in 1983 under the reign of Queen Beatrix. In Norway, the adoption of equal succession rights in 1990 will not allow Princess Märtha Louise to be Queen over her younger brother, but the rights will apply to his children. In Belgium, a system that excluded females entirely from succeeding to the throne was replaced in 1991, allowing Princess Elisabeth to be second in line to the throne. The Danish public approved a referendum in 2009 whereby women could succeed equally to the throne.

Sex discrimination has been illegal in the United Kingdom since 1975. Some 35 years after the passage of the Sex Discrimination Act 1975, Britain's employers must ensure equality between the sexes. Those who break the law are rightly punished. The Bill attempts to bring such gender equality into our succession rules.

There is clearly cross-party support for the Bill in the House, and I thank all the Bill's supporters for backing the measure. There is also significant public support. A YouGov poll following the royal engagement highlighted strong public support for equality in succession. More than 70% of those polled felt that men and women should be treated equally in the line of succession to the throne. A poll last weekend in probably the most respected local newspaper in the world—the *Leicester Mercury*—also confirmed that view, with 68% of those who participated agreeing that there should be equal rights to succession.

As is required for a constitutional change of this kind, I have written to Her Majesty, the Prince of Wales, Prince William, the Prime Minister, the Leader of the Opposition, the First Minister of the Scottish Parliament and the First Minister of the Welsh Assembly. I have also written to the Prime Ministers of all 15 Commonwealth countries whose sovereign is still the Queen to ask for their support, as the right of primogeniture holds force in those countries.

Today, I received a reply from Her Majesty's private secretary, who wrote:

"The Queen has asked me to thank you for your letter of 20th December with its kind sentiments about the forthcoming marriage of Prince William with Miss Catherine Middleton. You made reference to the Bill which you will be proposing in Parliament on 18th January, to which you hoped Her Majesty would be willing to lend her support.

It was most thoughtful of you to have alerted the Queen to your interest and you can be certain that the proceedings in Parliament will, as always in such matters, be followed here with close interest. As to Her Majesty's own views, it is of course her custom only to act in matters of this kind on the advice of her Ministers. In this particular case, the fundamental issue is one upon which the common advice of all sixteen of the Commonwealth Realms would first be required. You will...be aware of the...British Government's position as expressed by Lord McNally in the House of Lords".

It is therefore over to the Parliamentary Secretary, Cabinet Office, the hon. Member for Forest of Dean (Mr Harper)—the Minister sitting on the Front Bench—to give his advice to the monarchy.

There are many champions of the equality movement in the House and many more outside. You, Mr Speaker, have been a fervent supporter of gender equality and diversity within Parliament for many years. We have heard much about the film "The King's Speech" in recent weeks, but let us focus today on the speeches of our future Queens. We have a 21st century monarch and we need 21st century succession rules to match. God save not only this Queen but our future Kings and Queens to come, but let them succeed to the throne on the basis of equality—a noble and vital principle that should be the cornerstone of all political and public life. I commend the Bill to the House.

Question put and agreed to.

Ordered,

That Keith Vaz, Lorely Burt, Lorraine Fullbrook, Siobhain McDonagh, Sir Peter Bottomley, Bob Russell, Valerie Vaz, Simon Hughes, Martin Caton and Nick de Bois present the Bill.

Keith Vaz accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 13 May, and to be printed (Bill 133).

Fixed-term Parliaments Bill

[Relevant documents: The Second Report from the Political and Constitutional Reform Committee, Fixed-term Parliaments Bill, HC 436, and the Government's response, Cm 7951.]

Consideration of Bill, as amended in the Committee

New clause 3

APPLICATION OF PARLIAMENT ACT 1911 TO SECTION 1

'(1) The Parliament Act 1911 is amended as follows.

(2) In section 2(1), after "five years", there is inserted "or a Bill amending section 1 of the Fixed-term Parliaments Act 2011".'.—*(Jacob Rees-Mogg.)*

Brought up, and read the First time.

3.50 pm

Jacob Rees-Mogg (North East Somerset) (Con): I beg to move, That the clause be read a Second time

Mr Speaker: With this it will be convenient to discuss new clause 5—*Expiry and revival of section 2*—

'(1) Section 2 expires when the Parliament summoned to meet in May 2010 dissolves.

(2) In the course of the first month of the day of first meeting of any Parliament after the expiry of section 2 as a result of subsection (1) above, the Minister may by order bring the section back into force for the remainder of that Parliament.'.

(3) An order made under subsection (2) above is to be made by statutory instrument and shall not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.

(4) If no order has been made under subsection (2) above, an early parliamentary general election is to take place only if the House has passed a motion that there should be an early parliamentary general election.

(5) The polling day for an early parliamentary general election under subsection (4) above is to be the day appointed by Her Majesty by proclamation on the recommendation of the Prime Minister.

(6) If a polling day is appointed under subsection (5) above, the reference in section 1(4) to the polling day for a parliamentary general election appointed under section 2(6) shall be construed as if referring to a day appointed under subsection (5) above.'.

Jacob Rees-Mogg: May I begin by thanking the Minister for the enormous courtesy, good manners and good temper with which he has responded to the many criticisms of the Bill? I, among others, do not think it the best Bill ever to have come before Parliament, but he has invariably answered questions kindly. I also thank the Clerks for warning me that I was, in their terminology, to "open the batting" in this debate, which I might not otherwise have known. As far as cricketing metaphors go, I am probably more of a night watchman than a Geoffrey Boycott, or Somerset's own Trescothick, but I shall bat on with regard to the Parliament Act 1911 and my new clause in relation to it.

The 1911 Act, as the hon. Member for Chippenham (Duncan Hames) reminded us earlier today, was introduced, broadly, as a temporary measure. The preamble to the Act says:

"whereas it is intended to substitute for the House of Lords as it at present exists a Second Chamber constituted on a popular instead of hereditary basis, but such substitution cannot be immediately brought into operation",

but "immediately" has now extended to 100 years of failure to introduce a popular rather than an hereditary form, although not all elements of heredity remain in the upper House. The 1911 Act still allows the House of Commons to get through major constitutional reforms that the House of Lords may oppose.

The reason for introducing my new clause to exempt purely the first section of the Bill—the bit that limits the life of a Parliament specifically to five years, rather than continuing with the flexibility that we have previously had—is that this is a crucial constitutional development that we should be careful about changing, willy-nilly, as coalitions come and go. Our constitution should be safeguarded and preserved; it is not something that should be treated lightly or in an airy-fairy fashion—and one thing that the House of Lords can do, and does extraordinarily well, is prevent that from happening.

By the way, it is notable that their lordships sat throughout last night, fulfilling their proper constitutional role of ensuring that a serious constitutional change is properly debated and reviewed. We in this House find that guillotines come crashing down upon our necks to prevent the detailed deliberation that some of us might like over a rapid raft of changes to the constitution, but their lordships—some of whom are not in their first youth—have stayed up overnight, battling for the great British constitution, which has served us extraordinarily well for hundreds of years. Looking upon their lordships as the guardians of the constitution is a good reason for ensuring that the measure cannot be changed without their consent and approval.

Thomas Docherty (Dunfermline and West Fife) (Lab): I have listened quite attentively to the hon. Gentleman's quite interesting opening remarks. Will he clarify something for me? If a party's manifesto—I appreciate that this is a bizarre concept for Liberal Democrats—contained a plan to reduce the length of a Parliament, should the House of Lords have the opportunity effectively to veto the will of the people?

Jacob Rees-Mogg: That is a very helpful intervention, and I thank the hon. Gentleman for it. I think the House of Lords would almost certainly follow the Salisbury convention in that respect, and it would be wrong of it to go against the clearly expressed will, in a manifesto, of the lower House. The point of this measure is as a protection and a safeguard, not as a die-in-the-ditch stalling method to prevent any reform in future. It may be that, had I been around in 1911, I would have been all in favour of dying in a ditch to prevent reform, but I was not, and that is not the purpose of the new clause.

It is worth noting that the Bill is not subject to the Parliament Act 1911. The reason for that is that it extends the life of Parliament, potentially. It gives the Prime Minister the discretion—the ability—to extend the life of a Parliament from five years to a maximum of five years and two months. As we all know, the Parliament Act requires that that can be done only with the consent of the House of Lords, and cannot be pushed through if that consent were refused.

That leads me on to the reason why that was in the Parliament Act. Why was it thought sensible in 1911, when the Liberals were last in independent government—although they had some Irish help—to put in a clause that safeguarded the length of time that a Parliament

[Jacob Rees-Mogg]

could sit? It was done to prevent a tyranny of the lower House—to prevent a lower House from extending its life or changing its ability to serve for a particular time whenever it felt like it.

The relevant section is section 2, which states:

"If any Public Bill (other than a Money Bill or a Bill containing any provision to extend the maximum duration of Parliament beyond five years) is passed by the House of Commons…"

So any Bill which extends the life of Parliament beyond five years is excluded from the functioning of the Parliament Act. That is relevant to this Bill, because it changes the basis on which the lifetime of a Parliament is calculated. It would therefore be logical to say that the safeguard in the 1911 Act should be extended to it too, so that it is clear that a new Government cannot come in and play fast and loose with the new Act. It would also give clarity to the Government's purpose.

Many of us want to know whether the Act—or Bill, as it currently is—is about coalition and about two parties which, over a weekend in early May, were deeply distrustful of each other, or whether it is about major constitutional reform that it is thought will improve the settlement and the democracy of our nation.

The reason why I mention the weekend in May when the parties may have distrusted each other is that I have a feeling that that distrust has broadly evaporated. I think there is now great fellow feeling, at least in the hierarchies of the two parties, between the two sides that they work well together and are committed to some major reforms. The Liberal Democrats have made some admirable and brave decisions, particularly in relation to tuition fees, that have shown that their heart is in the right place in terms of the coalition, and how they have been willing to sacrifice part of their manifesto for it.

Dr William McCrea (South Antrim) (DUP): Did the hon. Gentleman hear the severe criticism expressed by the Deputy Prime Minister at Deputy Prime Minister's questions concerning the activities of the other House last night?

Jacob Rees-Mogg: The hon. Gentleman is right to raise that issue. I did hear what the Deputy Prime Minister said about the upper House. Most unusually—because in the spirit of coalition I usually find that I hang on every word of the Deputy Prime Minister in almost entire agreement with it—I had to divert from him on that occasion. I have always thought that Governments make a mistake when they think that they will always be in government, and therefore that it ought always to be easy to pass legislation.

I think it ought to be difficult to pass legislation, because we will not always be in power, yet we represent 40% of the electorate. Labour will not always be in power either, yet it represents 40% of the electorate. Those large minorities ought always to be taken into account—and the one power that they have is the power to delay. It was a great mistake of the previous Government to allow our proceedings to be so truncated. That means that now the present Government are, regrettably, doing the same on constitutional issues. That is the inevitable consequence of what happened between 1997 and 2010.

I would like to see the House of Lords maintain its ability to delay. "Filibuster" may be a good word. I am hoping that the hon. Member for Rhondda (Chris Bryant) will give us a definition of "filibuster". He has given us regular definitions of the word "gerrymander", and it is rather an expertise of his. I hope that "filibuster" may be defined later on.

I think it important that that right to delay be preserved, and that the House of Lords should have it. As I have said, that House has the crucial constitutional function of protecting our constitution from what Lord Hailsham referred to as elective dictatorship. I do not think that we have elective dictatorship, but I do not think that it would be impossible to get to it, and that means that we must preserve some elements of the constitution on which the House of Lords will have the final say, as if on an Act prior to 1911.

4 pm

I said that I thought the new clause was a test of the Government's seriousness about the Bill, but another test of that is in new clause 5, which my hon. Friend the Member for Stone (Mr Cash) will speak to shortly. It is broadly the same test, but the other way round. It says to Her Majesty's Government, "If you think that this is really for only one Parliament and that is the be-all and end-all, so that it really is about coalition and keeping two parties that were mistrustful but are now devoted partners together, the Bill will not be needed in its current form for future Parliaments."

It seems to me that Her Majesty's Government are in an either/or situation: they are between a rather friendly Scylla, which is me, and the perhaps more hostile Charybdis, which is my hon. Friend the Member for Stone. If they think that the Bill is not a serious Bill but is just for the short term of coalition, they will reject my new clause, but that means that they ought to accept my hon. Friend's new clause, as he is saying that it is clearly a short-term Bill that should last only for the duration of this Parliament. They must consider that in their response.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Does the hon. Gentleman imagine that the Government would be on such strong ground in trying to railroad things through without the support of both Houses if they had reformed the upper House before starting to tinker with this place?

Jacob Rees-Mogg: The reform of the other place will be a matter of great interest, although it is worth bearing in mind that the 1911 Act specifically states that it is to be in place only until the other place is reformed. When that time comes, this House will no doubt want to bear in mind how that Act can be reformed in response to the reform, depending on what is done to the other House. Some hon. and right hon. Members, and indeed some hon. and right hon. Friends, might be concerned about the powers that this House would lose if the 1911 Act were reformed wholesale.

New clause 3 has another important purpose. Lord Justice Laws, in the Thoburn case, which was well known in the popular press as the metric martyrs case, developed a doctrine of constitutional laws, in which he included devolution to Scotland. He would no doubt also regard an independence Act, too, as a constitutional law, which will be of interest to the hon. Gentleman who represents the Western Isles—I am afraid that I must still pronounce it as such, but I hope to learn. The

European Communities Act 1972 is viewed as a constitutional Act, as is the Bill of Rights. Lord Justice Laws argued that those have a special place in the legal hierarchy and cannot be amended by implication. That means that they cannot be impliedly repealed, but only specifically repealed. That was quite a constitutional leap and a novel concept, but one that I think Governments have found useful, because it eases their path when changing other laws.

If we have developed this new view of constitutional laws that are superior laws—a sort of law greater than the ordinary Bills that this House and the other place pass—it seems to me that it would be better if that were decided by Parliament, rather than by the courts at a later date. That is one thing that the new clause would at least indicate. It would say that a Bill is so important and relevant, because it will determine how elections will be carried out, that it cannot be amended except with specific approval. Clearly, it would therefore be difficult for it to be impliedly repealed.

That brings me to the nub of the matter, and of the new clause. Constitutional change is the most important duty of this House, because when we change the cycle of election we change it in a way that means that we could have very different Governments. Just think what might have happened if we had had a general election in 2007. Who might have won if that had been the electoral cycle?

The right to an election is the fundamental right of the British people, with their democratic ability to decide who forms the Government, so can it possibly be right for one Government to come in and say of a Parliament, "It'll be five years," the next to come in and say, "Oh, actually, four years would be better," and the one after that to say "Six," which would still be covered by the exemption from the Parliament Acts, and to play around with the constitution—with the democratic rights of the British people—in a way that involves no checks on them and no ability to say that that is now the settled will of Parliament and of the British people?

I think that in the House of Lords, as it currently is or in any reform of it, we have absolutely the right body to say, as the hon. Member for Dunfermline and West Fife (Thomas Docherty) suggested, "Hold on. You did not have this in a manifesto. This is an inappropriate way of changing our constitution, without the consent of the British people and without a referendum, which might be a better way of doing it, so we are blocking you until you have had a referendum—until some big constitutional result has been found." The Lords have done that before.

The House of Lords has been a block on constitutional reform, and that is a good thing. Some hon. Members might think that a peculiar thing to say, but it means that reform is properly thought through and developed. I am not going to go back to the exclusion crisis and, Lord Halifax's wonderful speech to prevent the Exclusion Bill going through, but that was a very early example of the House of Lords taking a strong constitutional stance, protecting the rights of an hereditary monarchy to follow the correct path and—the bonus from my point of view—being very pro-Catholic. Certainly, however, before 1832 the House of Lords blocked every reform, and it did so until it was clear that the whole of the British people wanted such reform to take place. Indeed, the Duke of Wellington realised that for the King's Government to carry on, reform had to take place. After he put metal shutters in Apsley house because of the riots that had occurred, he knew that reform had to take place.

In 1911 even Lord Curzon eventually decided that the reform Bill had to go through, rather than having the House of Lords flooded with a whole new batch of peers who would have pushed it through—*[Interruption.]* They were Liberal peers. Most of them, however, become Conservative over the generations; it is the great advantage of the hereditary system. The Bill was deeply opposed. Lord Willoughby de Broke was one of the great leaders of the opposition to that reform, and the House of Lords has had that job and done it extraordinarily well, making sure that our constitution changes not as it has done in recent years—which is a grave error—according to the will of a small clique in Downing street, but because within it there has been some important flaw that, with the support of the whole British nation, has needed improving.

I do not think that my new clause will make this Bill perfect, because one cannot make a silk purse out of a sow's ear, but it would at least make this sow's ear one that could not be chopped up into sausages.

Austin Mitchell (Great Grimsby) (Lab): Is not the hon. Gentleman's panegyric on the House of Lords, and its great ability to defend our constitution by ensuring further discussion, really dedicated to defending the interests of the Conservative party?

Jacob Rees-Mogg: I think that I am defending just as much the interests of the socialists of Great Grimsby and other places, because it is not in the interest of the voters of Great Grimsby to have Governments who come in and play fast and loose with the constitution; that is a really bad idea. The hon. Gentleman has been a most distinguished advocate of less European intrusion in our affairs. [HON. MEMBERS: "Hear, hear!"] As is obvious, he has the respect of the whole House for that, but Governments have been able to play fast and loose with our constitution in a European context because there has been no check from the upper House, and because anything, ultimately, can be jammed through under the Parliament Act 1911.

With this Bill, I want to begin to say—I have proposed the same change to the European Union Bill before the House—that such important constitutional changes need much deeper and broader support than that of some, to use the late Sir Robin Day's term, "here today, gone tomorrow" politicians. We need constitutional change that is in the historic continuum of our great nation.

Mr Bernard Jenkin (Harwich and North Essex) (Con): It seems to me that my hon. Friend is very ably saying that the Government cannot have it both ways. Either they believe in a Fixed-term Parliaments Bill that requires future Governments to fix their parliamentary terms, and should therefore accept the new clause and remove the room for manoeuvre, or this is just a Bill of political convenience, they do not want fixed-term Parliaments and intend to retain the flexibility.

Jacob Rees-Mogg: I am enormously grateful to my hon. Friend for putting pithily in one intervention what it has taken me, I fear, 20 minutes to say. He is absolutely

[Jacob Rees-Mogg]

right that Her Majesty's Government cannot have it both ways. Either the Bill is serious and important, in which case it should be exempt from the Parliament Act 1911, or it is simply the contract for a marriage of convenience and so should fall at the next general election.

Thomas Docherty: I will keep my remarks suitably brief. I was fascinated by the introductory remarks of the hon. Member for North East Somerset (Jacob Rees-Mogg). I do not think that he had the pleasure, Mr Speaker, of hearing your October lecture to the Hansard Society on the Parliament Act 1911. Had he heard it—I believe that it is repeated continually at weekends on the BBC Parliament channel—he would have a much better understanding of the purpose of the 1911 Act. I do not propose to give a blow-by-blow account of that lecture.

I was interested by a recent interview that the hon. Gentleman gave to *The House* magazine—a fine tome that I am sure all hon. Members read. He described himself as a Peelite:

> "I believe in free-trade, sound money and the state being less onerous upon the subject than it has been in recent years."

Having listened to him with interest, I suggest, to extend the coalition metaphor, that he is more of a Palmerstonite, because Palmerston was a great fan of the Great Reform Act of 1832, as I am sure you know, Mr Speaker. He believed that the 1832 Act was, to use the American phrase, "a perfect union", and that no further reform was required for the Houses of Parliament or the country. I cannot help suspecting that the hon. Gentleman would regard himself as being in the tradition that believes that the Parliament Act 1911 gave us a perfect union and that no further changes should be supported.

I was particularly concerned to hear the hon. Gentleman say that unless the whole country supported a constitutional change—I think that was the phrase he used—we should not have further change. I say to him gently that, despite the immense popularity of his Prime Minister, I cannot foresee a day in which even the great Conservative party will convince the whole country to support constitutional change. I suspect that he may be setting the bar a little too high. Traditionally, if this House is given a clear mandate by the people through a general election, that is regarded as sufficient impetus for a constitutional reform.

The hon. Gentleman rightly pointed to the exceptions in the Parliament Act 1911 for money Bills—it is interesting that his forebears in the House were keen to exempt the ability of Governments to push through the raising of revenue from the people—and for the lengthening of Parliaments. It is juggling with logic to equate the lengthening of Parliaments with the shortening of Parliaments. By its nature, that would lead to more frequent elections—which would probably be a good thing, as we saw today with the introduction of my hon. Friend our new Member for Oldham East and Saddleworth (Debbie Abrahams). When the people are given an opportunity to speak, they tend to speak loud and clear. If the hon. Gentleman's new clause were accepted by those on the Treasury Bench, I fear that it would restrict the democratic rights of the people to hold elections to this place more often. For that reason, I fear that the Opposition could not possibly support it. Without making any further remarks, I will now let the hon. Member for Stone (Mr Cash) speak to his amendment.

4.15 pm

Mr William Cash (Stone) (Con): The simple reason why I am speaking to my amendment is that, as I indicated on Second Reading, I take the gravest exception to the Bill, for a variety of reasons.

Mr Speaker: Order. I am loth to interrupt the hon. Gentleman, to whom I look forward to listening, but just for clarification, as I think he knows, we are not debating an amendment; we are debating a group of two new clauses. It is to the new clauses that he is speaking.

Mr Cash: Yes, indeed. I am seeking to amend the Bill through a new clause, and I am grateful to you for making that subtle distinction, Mr Speaker.

The point is that the title of the Bill is a give-away. It refers to "Parliaments"; it does not refer to "Parliament". Therefore, there is an underlying assumption that the process in question—which is inevitably tied up with the concept of the coalition politics, which are increasingly regarded as a perpetual burden that we will be expected to comply with—is inherent in the arrangements for the proposals in the Bill. The use of the word "Parliaments", in the plural, simply emphasises that.

As one who believes firmly in the idea that our constitutional arrangements have stood us in good stead for a long time, but without being obtuse about the need for reform, I would say that there are changes in our constitutional arrangements that, periodically, can be justified. However, my proposal is, effectively, a "stop and restart" provision. That is, if there is any merit in continuing the arrangements, if they were to survive for as long as the period allocated by the leaders of the parties and the coalition agreement, then there is always the possibility—to put it no higher than that—of referring to some of those outside this place who, as far as I am concerned, are the most important people of all, namely our electors, and not leaders of parties or parties themselves. The real question is: what do the public think about all this? Of course, they have not been asked; indeed, there is not the slightest intention that they should be asked.

What I am suggesting is that the very concept of a fixed-term Parliaments Bill is offensive to the hallowed principle—that simple constitutional proposition—that no Parliament can bind its successors. I have therefore decided—I am glad to be joined by a number of other hon. Members in this notion—that we should have what we describe in the title of new clause 5, namely the "Expiry and revival of section 2". I happen to hope that such a revival does not take place, and I shall explain why. "Expiry", certainly; however, as I was very sensibly advised, because of the scope of the Bill and its background, rather than proposing what I would otherwise have put forward, namely a sunset clause—or, as I think it would be better described, a "cast into the darkness of hell" clause—I have proposed that clause 2 be required to expire when the Parliament summoned to meet in May 2010, on that fixed and prescriptive date, dissolves. You might have an interest in this, Mr Speaker, because, if anything were to happen, there might even be the need for the re-election of a Speaker. In such rare circumstances,

you might take a particular interest in this provision. I am suggesting that clause 2 should expire in those circumstances.

It is important to bear in mind the provisions in clause 2. We have moved on from the Committee stage to Report, and I remind the House that I tabled amendments to clause 2 in Committee because I took the gravest exception to certain elements in it. I am therefore anxious that it should expire, because I do not believe that it is a constitutionally satisfactory provision. Clause 2(1) states:

"An early parliamentary general election is to take place if the Speaker of the House of Commons issues a certificate—

(a) certifying that the House has passed a motion that there should be an early parliamentary general election,

(b) certifying whether or not the motion was passed on a division"

I do not think that there would be much difficulty in demonstrating that. The clause continues:

(c) if it is certified that the motion was passed on a division, certifying that the number of members who voted in favour of the motion was a number equal to or greater than two thirds of the number of seats in the House (including vacant seats)."

I have no intention of going back to the discussions that we had on the clause. I tabled amendments to it and argued my case fairly, I thought, but the Whips got in the way—I do not know the reason—and the result was that I lost my Division. If I may say so without presumption, I do not believe that I lost the argument, but hon. Members on both sides of the House, particularly Back Benchers, are prone to believe our own arguments.

Thomas Docherty: On a point of clarification, I think it is fair to say that Opposition Members do not believe that the Deputy Prime Minister has won a single argument in the House during our deliberations on the Bill.

Mr Cash: That does not surprise me very much.

One thing that I objected to in clause 2 was the reference to "the number of seats". We are elected as Members of Parliament, and I am not sure that "seats" are recognised in our constitutional arrangements. Seats do not speak, and vacant seats speak even less. I find the whole proposal utterly incomprehensible. As we well know, the present arrangement—not only in this legislature but in that of the United States and, I would say, all respectable legislatures—is that decisions are taken by a majority of one. So what is this new-fangled idea about a two-thirds majority? It is being introduced for one purpose only: to keep the provisions in the Bill going in perpetuity. That is why I take such exception to the use of the plural in the title "Fixed-term Parliaments Bill".

This provision also involves an invasion of the principle that one Parliament cannot bind its successor. That is what I really object to, as that principle is central to our democratic process. The people who come in to any given Parliament are not the same as the previous people, and they are certainly not seats or vacant seats. I hope that other Members will agree that this is a very important constitutional question, on which I place a great deal of emphasis, in relation to the new clause that we are discussing.

Mr Jenkin: I want to ask my hon. Friend a genuine question. Supposing there were a new Parliament and section 2 of the Act were not renewed, would we not be left with a Fixed-term Parliaments Act that made no provision for an early general election? Is that what my hon. Friend wants?

Mr Cash: I do not deny for a minute that that is one of the consequences, but if we were to carry this new clause, it would effectively be the end of the Bill. As I look around the House and see the huge number of people attending this debate, I do not believe that there is the slightest chance of my winning the Division—

Chris Bryant (Rhondda) (Lab): Yes, he might!

Mr Cash: Oh, I see. I am extremely grateful to hear what the hon. Member for Rhondda (Chris Bryant), that fierce defender of British liberty—when it suits him—has to say. In the light of what my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) has said, it would not cause me any concern if my new clause were passed simply because it would require a rethink, when there would be a completely new situation. Does my hon. Friend want to intervene again on that? No.

Austin Mitchell: The hon. Gentleman should not lack confidence about his ability to rally this House behind an important measure. Let me ask, since no Parliament can bind its successor, are not both the Bill and his new clause otiose because a new Parliament will simply wipe the plate, and if it wants to dissolve early, it will do so?

Mr Cash: That is a noble aspiration, but I am not at all convinced that that is how it is intended to operate in practice, mainly because there are other people involved who are called Whips. Unless provision has been made for expiry, there will be a natural locomotion towards a future coalition, which I strongly resent, and towards fixed-term Parliaments, in the plural, and we will be in "a new kind of politics". I see in their places at least one or two of my hon. Friends who, from what we read, would strongly advocate such a proposal. They have some constitutional ideas so perhaps they will elaborate on them during the debate. I rather doubt it, but we shall see.

New clause 5 is designed so that section 2 of the eventual Act will expire. It also provides for the circumstances that might obtain in the first month after Parliament has returned after a general election, when it might have a totally different complexion and composition. We have no idea who will be sitting on the Government Benches at that time. In that first month with Members reconvened for the first time—leaving aside the constitutional doctrine about successive Parliaments—would it be right for those Members to be saddled with something with which they did not agree? It is a simple as that. That provides another reason, quite apart from the constitutionality of the issue, for the new clause.

Jacob Rees-Mogg: Will my hon. Friend's new clause ensure that after the next election, the Prime Minister, instead of going through the fiction of having a vote of no confidence in himself, could simply ask for a Dissolution by a vote of the House? If the new clause were accepted, would it not provide a much more straightforward way of getting an early Dissolution?

Mr Cash: That is a perceptive way of putting it; I congratulate my hon. Friend on his perspicacity.

[Mr Cash]

I have great reservations about our movement towards what is seen as a new kind of political understanding. One of the great objections relates to the ease with which it is possible to break manifesto promises, enter into coalitions and then break them as well. Subsequently, a Parliament might emerge that embodied all the thinking of those broken promises in the form of a new politics. That next Parliament is then intended to carry on as if nothing had happened. I think that that is a very unsatisfactory way of governing, and a very undemocratic way of conducting our affairs.

4.30 pm

New clause 5 provides that

"In the course of the first month of the day of first meeting of any Parliament after the expiry"

of the provision that governs the issue of early parliamentary elections,

"the Minister"

—who, for practical purposes, will be the Prime Minister—

"may by order bring the section back into force for the remainder of that Parliament."

I was advised that, within the scope of the Bill, it would not be possible for me to provide for a sunset clause, because the new clause would then be seen as a wrecking amendment and you, Mr. Speaker, would not select it. In fact it would have been a wrecking new clause, but, although I have heard the expression "wrecking amendment", I have never heard of a wrecking new clause. Let us not worry about that, however.

We now come to the mechanics of the way in which my new clause would operate. Were such an order made, it would have to be made by statutory instrument, and there would be a requirement, or obligation, in law. The order

"shall not be made unless a draft of the instrument has been laid before and approved by a resolution of the House".

That is the key issue. The House of Commons, as reconvened after the expiry of that Parliament and the election of a new one, would have to approve the revival of section 2, which would at least give Members an opportunity to debate the procedure and decide whether that was the way they wished to proceed. If no order were made, an early parliamentary election could take place only if the House had passed a motion allowing such an election, which puts the shoe on the other foot. The reconvened House of Commons would almost certainly be of a completely different composition, and, indeed, may have been elected on the basis of completely different principles, especially if the horrendous alternative vote provisions ever come into force.

This, and indeed all that we discuss in relation to the current spate of constitutional measures, represents a silent constitutional revolution. The Minister may well say, "You describe it as a silent revolution, but you talk about the issue a good deal, and so do many of your colleagues." Given that the best way to keep a secret is to make a speech in the House of Commons, I can be reasonably confident that no one will have heard the arguments. However, I think it important to put on record, with no diffidence whatsoever because I am a realist when it comes to these matters, that, whether or not we happen to win the vote, following the comments of the hon. Member for Rhondda I feel a little more confident that the Opposition will support the new clause. I may discover in a moment whether that is the case. I am glad to see the hon. Gentleman nodding: that is a starter for one.

The essence of the argument is that there is no rational basis on which the legislation should be regarded as relating to any future Parliament. We should make our decision in our Parliament, along with decisions on a range of questions relating to the breaches of the coalition agreement, the broken manifesto promises, and whether we are satisfied with the progress being made over the next few years.

There are certain things, although some people may think not many, which I believe the coalition has delivered well. It is rather like the curate's egg. That is because, outweighing that, there are many other things that I regard the coalition as having delivered less well. That is merely the opinion of one humble Back Bencher, but that fact does not prevent me from advancing my arguments as and when I feel it necessary to do so. Some will have noticed that I have not been slow in coming forward with my concerns when I think it is appropriate.

The Bill will have to go to the House of Lords, and I was therefore extremely interested in a paper by the House of Lords Constitution Committee, which was published on 16 December. It may or may not have been noticed by Members, but the majority of the Committee believed that the appropriate length of a fixed parliamentary term should be not five years, but four years. That is very interesting, because given the shenanigans that we have been witnessing in the other House, which seem to me—

Tristram Hunt (Stoke-on-Trent Central) (Lab): It is called proper scrutiny.

Mr Cash: The hon. Gentleman corrects me by saying that it is proper scrutiny.

The Committee stated:

"Whilst acknowledging the case made by the Deputy Prime Minister for a five year term"—

it is so nice when the authors of such reports use expressions like "whilst acknowledging the case" and "with respect to"—*[Interruption.]* My hon. Friend the Member for Aldridge-Brownhills (Mr Shepherd) knows what is in my mind. The Committee continued:

"nonetheless the majority of the Committee consider that a four year term should be adopted for any fixed-term Parliamentary arrangement at Westminster. In the view of the majority, the shift from a five year maximum to a five year norm would be inconsistent with the Government's stated aim of making the legislature more accountable, inconsistent with existing constitutional practice and inconsistent with the practice of the devolved institutions and the clear majority of international legislatures."

That is quite a condemnation.

Mr MacNeil: Just for clarification, is the hon. Gentleman referring to the recommended length of a parliamentary term as proposed by an upper Chamber where the length of a parliamentary term is life?

Mr Cash: I can only repeat what that Committee has said: it states that the appropriate length of a fixed parliamentary term should be no more than four years.

The position is, therefore, that that powerful Committee has given that advice to the House of Lords, which has yet to be given the opportunity to vote on these proposals. I think we are moving into territory where there will be proper scrutiny, as it has been described—although the word "filibuster" nearly slipped out—as has proved to be the case in respect of provisions in the alternative vote Bill currently before the House of Lords. There may yet be the possibility of similar activity with regard to how long the fixed parliamentary term should be.

For all those reasons, I believe that the provisions I have felt concerned to raise through tabling new clause 5 are merited. They are consistent with proper constitutional practice and good sense. The attempt to, let us say, fix the next fixed-term Parliament ought to be prevented at all costs.

Chris Bryant: I warmly congratulate the hon. Member for North East Somerset (Jacob Rees-Mogg) on his amendment and the hon. Member for Stone (Mr Cash) on his amendment, which I shall address in a few moments. I should, of course, have called them "new clauses"; Mr Speaker corrected the hon. Member for Stone on that earlier. However, I think that the hon. Member for North East Somerset rather misled the House. He did not do so in any dishonourable way, but he suggested that he was not here in 1911. I do not believe that any Member of this House believes that he was not here then or, for that matter, in 1832 and 1641. If it was not exactly him, on each of those occasions it was certainly his predecessor who made almost identical speeches. So I congratulate him on his consistency, which has lasted not only for the length of a Lib Dem manifesto, but through the centuries, and I am sure he will be here for many generations to come.

Mr Jenkin: The hon. Gentleman rightly points out that someone just like my hon. Friend the Member for North East Somerset was doubtless here in 1911, just as there was probably someone just like the hon. Gentleman and someone just like me. This House represents a continuity in this great kingdom of ours. He adverts to it with regard to only one Member, but it applies to all of us.

Chris Bryant: I am not sure that that is right because, for example, there were no women in this House or in the other House for many centuries. So changes have taken place, and change is just as important as continuity—that was going to be my argument.

The hon. Member for North East Somerset praised the House of Lords and the job of work it is doing at the moment down the other end of the building, where I hope his father will be stoutly defending not the Government but the cause of freedom and democracy—I am sure he will be. I wish to sound a slight note of caution to the hon. Gentleman. I have long supported an elected second Chamber, but over the past few years the Second Chamber has become far more partisan, because a higher proportion of its Members now take a party Whip. That applies in all parts of that House. *[Interruption.]* The Minister says from a sedentary position that Labour Members do, but what I said is true of all political parties in the House of Lords. I hope that there will be an elected second Chamber, and if there is the relationship between the Chambers will have to be written down in statute. Otherwise, either there will be permanent gridlock or, even more dangerously, we will face the problem of the Government having absolutely no check on them because they will enjoy a majority in this House and down the other end of the building. I can think of no other system in the world containing no such check. I say to the hon. Member for North East Somerset that although one praises the House of Lords, where Labour and Cross-Bench peers are doing a good job of scrutiny, some dangers are coming down the road.

The hon. Member for North East Somerset also relied on the Salisbury convention, whereby the Lords would not stand in the way of something adumbrated in a general election manifesto on which a Government were elected. In the previous Parliament the Liberal Democrats said that they believed that the Salisbury convention no longer held. I suspect that a convention written in a gentlemen's club and redrafted several times during the 20th century probably will not stand the test of time and we will need something rather more secure for our constitutional settlement.

As the hon. Gentleman pointed out, the Bill extends Parliament's life beyond the five-year period that, thus far, has been allowed; clause 1 allows the Prime Minister to extend or shorten the five-year fixed term by two months, although that is reliant on motions in this House and in the second Chamber. That is one of the many reasons we have argued that the Bill will lead to fewer general elections. That is so particularly because the Bill provides for a five-year term, rather than a four-year term, as the hon. Member for Stone said, but also because of the special provision allowing for the extra extension of two months. We believe that that is a problem and that the voters of this country probably want us not to have the longest fixed-term Parliaments in the world. If we are to have fixed-term Parliaments, voters would probably prefer us to adopt the policy of the Liberal Democrats before the general election and the policy that Labour has pursued ever since the Plant commission, when we were mired deep in opposition many years ago, which is for four-year fixed-term Parliaments. Unfortunately, that is not available to us in the Bill.

4.45 pm

I am afraid that I disagree with the means used by the hon. Member for North East Somerset to answer the problem. Section 2(1) of the Parliament Act 1911 states:

> "If any Public Bill (other than a Money Bill or a Bill containing any provision to extend the maximum duration of Parliament beyond five years) is passed by the House of Commons"

and it goes on to delineate the provisions, as amended by the later Parliament Act, that allow the Speaker to move straight to Royal Assent, often at Prorogation—we will come on to Prorogation later—without having to pass through the House of Lords, if the House of Lords has refused to co-operate. There is therefore already sufficient power to ensure that Parliament cannot be extended, which is the key point. One thing that successive generations have tried to reinforce is the need for frequent elections. The Triennial Acts and the various different versions that that legislation has gone through, from three years to seven years, the campaigns by the Chartists for annual elections and the return to a proposal for five years, have all been centred on the belief that there

should be sufficient and regular elections for the Government to enjoy a mandate and for the people to have their voice.

I can see that the hon. Member for Stone is itching to intervene, so I shall let him do so.

Mr Cash: I have been increasingly impressed over the months by the manner in which the hon. Gentleman has tackled these constitutional questions. He is putting the House in a far better position by the manner in which he explains many of his points. Having got over that bit of flattery, I point out that it might have been a good idea if, at this point in his speech—perhaps he is coming on to it—he had referred to the comments of the Clerk of the Parliaments. The Bill will go to the House of Lords, as I have pointed out, and we do not quite know what their lordships will make of it. Not only did the Constitution Committee come to a certain conclusion on the issue that my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) has raised, but so did the Clerk of the Parliaments. He said:

> "It is...clear that the [Fixed-term Parliaments] Bill does contain provision to extend the maximum duration of a Parliament beyond five years, and that it cannot, therefore, be passed under the Parliament Acts procedure unless, before it leaves the Commons, the [relevant] provisions...are amended."

Professors Bradley and Oliver agreed. That is an important point. Forgive me, Mr Deputy Speaker, for making rather a long intervention, but I wanted to get it on the record that this is not just a minor matter but something on which the House of Lords appears largely to have made up its mind.

Chris Bryant: I am always a bit reluctant to presume what the House of Lords' final view might be, not least because three new Members of the House of Lords are being introduced every day at the moment—it is something of a moving feast down the far end of the corridor. The hon. Gentleman is absolutely right about the Clerk of the Parliaments, and incidentally I want to pass on congratulations to Mr Beamish, who has just been appointed the new Clerk of the Parliaments. It is also true that the Clerk of this House has made it clear that there are significant concerns about clause 2, which I shall come on to when I discuss the new clause tabled by the hon. Member for Stone. I am also always very grateful for any oleaginous support I can get.

The point I hope to make about new clause 3, tabled by the hon. Member for North East Somerset, is that I think that there is already adequate provision in the Parliament Act to ensure that Parliament cannot be extended. His new clause would apply to the whole of clause 1, so we would not be able to amend any of the elements of it, even if they had been adumbrated in a manifesto commitment and a single party won the next general election with a majority and legislated in that way. We would not be able to use the Parliament Act even to shorten the length of a Parliament.

If we win the next general election, notwithstanding the fact that we will have won, in a sense, the right for a five-year fixed-term Parliament—I hope we will—want to reduce the number of years from five years to four. As the hon. Member for North East Somerset has shown, historical consistency across the years is a good political attribute rather than a failing.

Thomas Docherty: Does my hon. Friend agree with my assessment of the Parliament Act that the purpose of stipulating that parliamentary terms cannot be lengthened was to ensure a democratic check against the powers of the Prime Minister? Would not the hon. Member for North East Somerset's new clause, regrettably, act as a check against democracy by stopping the right of the democratic House to shorten the length of a term? That is not the spirit in which the Parliament Act was intended.

Chris Bryant: Yes, although as the hon. Member for North East Somerset said at the very beginning of his speech, all this will become rather unnecessary once we have legislated for an elected, whether fully or substantially, second Chamber. At that point, elements of the Parliament Act, or even the whole Act, will almost certainly have to be reshaped.

Jacob Rees-Mogg: I absolutely understand the hon. Gentleman's point that a Government elected on a manifesto for four years would not want to be obstructed by the House of Lords, and I doubt whether the Lords would obstruct them in those circumstances. Does he have any sympathy with the view that constitutional issues ought to have greater protection than ordinary Bills, particularly as judges have decided that there is a category of constitutional Acts? Should we decide that rather than the judiciary?

Chris Bryant: My general approach is that we should always seek to take decisions ourselves, rather than leave them to judges to take for us, because we are elected. However, the history of English common law and the way in which it has developed is such that judges have, by the precedents they have set, elaborated on that law. We have sometimes then decided to incorporate those interpretations into statute law, so there has been a constant relationship between the two. *[Interruption.]* My hon. Friend the Member for Dunfermline and West Fife (Thomas Docherty) is muttering about Scottish law, but I am being very careful because I know much less about Scottish law than I do about English law, which also applies in Wales, so I am going to the edge of my knowledge and not a step further.

The hon. Member for North East Somerset is right that we will need, at some point, to put into statute law the relationship between this Chamber and an elected second Chamber, as we will want to establish that more firmly. Perhaps, as has happened in every other constitution that has been written in the world, special provision will be made for changing the constitution itself. In Germany, there has to be a vote of a certain majority in both Houses both before and after a general election. That was enforced by us in the writing of the German constitution after the second world war. In Spain, changes have been made to the constitution since the death of Franco, but the Spanish, too, can proceed only if there is a significant majority within the Cortes and the Senate. In short, my answer to the hon. Gentleman is yes.

In essence, my argument regarding new clause 3 is that it is not necessary and that it could be problematic for a new Government, because they might not be able to get their way even on a manifesto commitment that had been clearly laid down. The real danger concerns

the extension of parliamentary terms—something that has always worried people in relation to the freedoms and rights of the British people, or rather the people of the United Kingdom. That is already protected in the Parliament Act, which will stand until we revise all these measures. Parliament has been extended in the past. That happened during the second world war when extensions were agreed on an annual basis. I am not sure whether that was voted on every year, but the hon. Member for North East Somerset might know.

Let me move to the new clause of the hon. Member for Stone. I note that the hon. Member for North East Somerset said that we have a choice between Scylla and Charybdis—he being Scylla and the hon. Member for Stone being Charybdis. My uncertain memory of Homer is that Odysseus chose to surrender a few sailors to Scylla rather than a whole ship to the whirlpool that was Charybdis, but I am in favour of Charybdis this afternoon.

Mr Deputy Speaker (Mr Nigel Evans): Order. We are now going to the end of my knowledge, and I think it would be very useful if we returned to new clause 5.

Chris Bryant: Indeed, Mr Deputy Speaker, although I am not sure that we really have got to the edge of your knowledge; I think your knowledge is boundless, and consequently I agree with you. *[Interruption.]* The Parliamentary Secretary, Office of the Leader of the House of Commons, is talking about the pillars of Hercules, which is a rather fine pub I have sometimes frequented in—well, north London somewhere.

The new clause tabled by the hon. Member for Stone seems quite sensible, because we believe that section 2 has a series of elements that, as the Clerk of the House has pointed out, are problematic. We think that because the provision has been put into statute rather than included in the Standing Orders of the House, there is a real danger that elements could be questioned in the courts, and one would then have a dramatic constitutional crisis. Consequently, we understand that, as the hon. Gentleman said, those elements are there entirely to bind together the coalition. We understand why the coalition would want to maintain that element, but we certainly do not believe that a future Government should be bound by it.

The hon. Gentleman is right to say that no Parliament is bound by its predecessor and no Parliament can bind its successor. However, there is one sense in which it can delay its successor, because it makes it have to re-legislate if it wants to take away a part of statute law. It seems to me that since it is clear that this piece of constitutional—

Mr Cash: Flummery.

Chris Bryant: I was thinking of jiggery-pokery. Section 2 is being proceeded with not on the basis of consensus across the House, but on the basis solely of an agreement between the two coalition partners, so it would seem to us to make sense to make an allowance in the Bill that the section would die at the next general election. I note that the hon. Gentleman has crafted his new clause carefully so that it does not say 2015; it simply says that section 2 expires when the Parliament that was elected in 2010 comes to its end. At that point, whatever new Government had been elected could choose whether to continue with the provisions or to let them lapse. If it were a Labour Government, I am pretty confident that we would want to ensure that the provisions lapsed. However, what other parties may want to do is for others to determine.

The key point is that we would not want to have to introduce primary legislation to repeal this element of the Bill. For those reasons I am keen to support the hon. Member for Stone. I do not think his new clause quite throws the whole of the ship into the whirlpool, but I think that the throwing of a few sailors into the mouths of the demon in North East Somerset would be inappropriate, and consequently we shall support new clause 5 but not new clause 3. I very much hope that we shall be able to divide the House on this matter.

Mr Jenkin: As one of the few Members of the House who has actually sailed through the straits of Messina in a sailing boat and witnessed the whirlpool, and the rock from which the many heads of Scylla seized the sailors—

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): And survived.

Mr Jenkin: I survived, but I have to say that it is a very disappointing whirlpool, and that is no reflection on either my hon. Friend the Member for Stone (Mr Cash) or my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg)—whichever was representing the whirlpool or the many-headed monster. However, if this is an opportunity to put some instability in the Bill, I will certainly support new clause 5 tabled by my hon. Friend the Member for Stone. I have my name on it in any case.

I would echo the sentiment that the hon. Member for Rhondda (Chris Bryant) expressed in an interesting speech in response to new clause 3. The question of constitutional Bills is an interesting innovation introduced by Lord Justice Laws, but I would tell my hon. Friend the Member for North East Somerset that Lord Justice Laws was merely including in his judgments something that had been widely understood by constitutional theorists for some time, although it had never been legally expressed in such terms. I entirely agree with my hon. Friend's sentiment and, indeed, with that of the hon. Member for Rhondda that Parliament should determine which of these laws is constitutional and overrides subsequent Acts of Parliament. Clearly, the European Communities Act 1972 was expressly intended to do that, as has been recognised by the courts, and the 1689 Bill of Rights does that, but Lord Phillips concluded in a recent case that the doctrine of implied repeal applies to the 1689 Act.

5 pm

For that reason, as was said in Committee by the hon. Member for Stoke-on-Trent Central (Tristram Hunt), who has just left his place, this is an extremely important matter to which the House should return at a future date. I am not sure that I want the Bill to become one of those constitutional Acts, although I fully accept that the House of Lords has a role to play in preventing a tyranny of the majority—incidentally, a role that it cannot play if it becomes an elected House.

Mr Cash: We are, in fact, moving into very difficult and choppy waters. With respect to my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg), I

[Mr Cash]

do not believe in the so-called constitutional statutes at all. They are an invention in the first instance by Lord Justice Laws. They have a certain spurious credibility, but it does not stack up. My concern is that we will need to use a range of "notwithstanding" arrangements in relation not only to the European Union but to the so-called constitutional enactments or Bills when we want to legislate in the House. We will also need to require the judiciary to give effect to the latest Westminster enactment in that field of endeavour and to state expressly what is intended to bypass this attempt to establish a completely new regime of codified legislation. That will simply become very difficult.

Mr Jenkin: That was the purpose of my referring to Lord Phillips's recent obiter dicta, in which he implied that later Acts of Parliament can effectively repeal the parts of the 1689 Act that protect Parliament's privileges. I do not think that that is satisfactory, and Parliament needs to think clearly about how we remain in democratic control of this country's constitutional settlement.

Using legislative techniques, such as those suggested by my hon. Friend, is the direction in which we ought to move. Some people will say that means moving towards a written constitution, but that is to misunderstand our constitution. It is partly written and partly not written. The point is to determine who is in charge. Parliament should be in charge, with the necessary checks and balances between the two Houses. So I very much welcome the debate that my hon. Friend the Member for North East Somerset has initiated on this topic. This debate will run and run, even though we might not be able to agree or divide on his new clause.

I put my name to new clause 5, tabled by my hon. Friend the Member for Stone, partly because it provides an opportunity to remind ourselves of how bad the Bill is. I am afraid that I am appalled that it was introduced in this way. I cannot recall any Government ever introducing a Bill to manipulate the constitution for their own purposes in such a nakedly self-interested way. Clause 2 is simply a fig leaf to ameliorate the problems that arise from fixed-term Parliaments.

Let us remind ourselves of the provisions of clause 2. The two-thirds provision is obviously open to manipulation—assuming that the mechanism does not drag us into disputes with the courts—because if the Government of the day tabled a motion of no confidence in themselves, it would hardly be likely that the Opposition would oppose it, so a general election would still be available at the initiative of the Executive. In a coalition arrangement, the smaller partner might decide not to take part in such a process, meaning that the motion would be opposed and, by arrangement with the Opposition, perhaps passed by only a simple majority. Under the Bill, we are therefore creating arrangements by which a junior coalition partner may switch horses halfway through a Parliament.

I believe that the Liberal Democrats wanted a fixed-term Parliament so that they could swap coalition partners halfway through the Parliament. Lo and behold, we now read in the papers that the Leader of the Opposition and the Deputy Prime Minister seem to be striking up a new friendship—perhaps that heralds the switch. Of course, I am talking hypothetically—the subject is theoretical—but, constitutionally, the possibility exists. It is extraordinary that we are contemplating putting in place arrangements that could bring about a change of Government, Prime Minister and Administration without a general election, but that is what the Bill provides for. The hon. Member for Rhondda (Chris Bryant) seems to be looking at me quizzically.

Chris Bryant: I am looking at the hon. Gentleman quizzically, because, under the existing arrangements, there have been many changes of Prime Minister and Administration without a general election. Although I recognise that the hon. Gentleman stood at the general election on a manifesto that said that a change of Prime Minister should be followed by a general election within six months, I note that he has not tabled an amendment that would have that effect.

Mr Jenkin: Privately, I can confide to the House that I always thought that that proposition was a bit daft—it seemed like ingratiation. Whenever the ruling party changes its leader, meaning that there is a change of Prime Minister, the Opposition always cough and splutter loudly, and express the view that, in all justice, there should be a general election. The newspapers usually join in the fun, because they like general elections, too, but, in reality, we all know that there is absolutely no need for an election. There is usually a degree of continuity when there is a change of party leader because the same party is in charge and it is unlikely that a lot of the predecessor's policies would be overthrown. One or two things usually change, but generally there is continuity.

We are considering, however, the possibility of a change of Administration involving a different party. We know that the Labour party attempted to form some kind of rainbow coalition with the Liberal Democrats after the last election—*[Interruption.]* That was what we were told, anyway. Later in this Parliament—perhaps if the balance of power has shifted a bit towards the Opposition following by-elections—the Liberal Democrats could abandon the Conservatives in a vote of no confidence. In such circumstances, the Conservatives might be clever enough to join in that vote of no confidence to ensure that there would be a general election, but it would be far more likely that the vote would be followed by a reordering of the Executive, which might well involve the Labour party and the Liberal Democrats.

Let us suppose that the maths in the House were slightly different and the two main parties were more evenly balanced. The Liberal Democrats then could genuinely choose which partner they wanted. Through the Bill, we are creating constitutional circumstances under which the third party could change the Government at will without a general election.

Chris Bryant: I am slightly flummoxed by the hon. Gentleman's charming naivety about what might have happened after the general election. The Bill does many things that are inappropriate, but I do not think it does that, and the truth of the matter is that there have been many changes of Administration over the centuries under the existing arrangements, not least in the first and second world wars. Having a fixed-term Parliament does not in itself mean what the hon. Gentleman has described will happen. It is perfectly possible that we will win a significant number of by-elections over the coming years, or that some Liberal Democrats or others may change their party affiliation, and—*[Interruption.]*

It is possible; I said only that. The Minister should do the nice bit again. In such circumstances, the mathematics would change.

Mr Jenkin: Inevitably, these debates always depend on speculation about what might happen, which is the one rather unsatisfactory thing about debating the future of the constitution. I have always been regarded as a bit of a pessimist about the European Union, but I did point out to a colleague that, so far, I have been proved right, and if these arrangements remain the same indefinitely, sooner or later I will be proved right again.

The point is that the Bill—except for this new measure in clause 2—is intended to remove the safety valve that allows for an early general election. However, that clause is the worst part of the Bill. As we were told by the Clerk of the House in his memorandum, before the Bill was considered in Committee:

"The Bill brings the internal proceedings of the House into the ambit of the Courts, albeit indirectly by the route of Speaker's certificates."

The procedures of the House, votes of confidence, Speaker's certificates and two-thirds majorities all become potentially justiciable, notwithstanding the Bill of Rights. For that reason, I fully support the new clause tabled by my hon. Friend the Member for Stone.

A vain attempt to remove the courts from considering those matters is made in clause 2(3), which states:

"A certificate under this section is conclusive for all purposes."

Unfortunately, clause 2(3) is itself justiciable by the courts, because we are putting this into statute. That part of the Bill, which attempts to ameliorate the problems that arise from having fixed-term Parliaments, creates the biggest constitutional headaches for Parliament itself by inviting the courts to intervene in those matters.

Mr Cash: On that very question, does my hon. Friend recall that the 1911 Act goes further? It does not end by saying that the certificate

"shall be conclusive for all purposes",

but adds

"and shall not be questioned in any court of law."

I would simply add to that the word "whatsoever" because of the very problem that he has mentioned. The Supreme Court, or indeed any other court, may seek to take control over this.

Mr Jenkin: I put it to my hon. Friend that that wording in 1911 may well have been sufficient because it would not have entered the heads of the judges in those days to breach the Bill of Rights, but we know that members of the now Supreme Court—note the word "Supreme"—sincerely believe that Parliament is within their purview. We have had the debate about whether the sovereignty of Parliament is a common-law principle—that is, part of judge-made law, rather than an historical fact that exists in its own right as a result of the disputes between the Crown and Parliament in the 17th century.

I believe that it would be helpful if I spoke briefly on this matter, and I take this opportunity to commend my hon. Friend on his new clause. Future Parliaments should have the opportunity to throw out the proposals in clause 2. That would not wreck the Bill, but it would invite questions about what it means and how practical it is. It would certainly impel a future Parliament to consider at the earliest opportunity whether the Fixed-term Parliaments Act should remain on the statute book—I very much hope that it will not—or to put in place much better arrangements to provide for early general elections under a fixed-term Parliament system. The Bill as drafted is nonsense and a potential disaster. If we do not fix it in this place, I hope that those in another place will do so.

5.15 pm

Mr Richard Shepherd (Aldridge-Brownhills) (Con): I support the new clause tabled by my hon. Friend the Member for Stone (Mr Cash), but I shall talk about the new clause tabled by my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg). The hon. Member for Rhondda (Chris Bryant) invoked Homer. In the case of my hon. Friend's new clause, I would invoke Cicero:

"Those who know nothing of the time before they were born shall forever remain children."

That is what I feel is happening to this Chamber. We forget our past, our history and the continuity of our constitution. There was an affirmation there that was important and required addressing.

I understand the hon. Member for Rhondda being concerned about the increased politicisation of the House of Lords, and the "gridlock", or however he described it. I grew up in an age when the Standing Orders of the House of Lords—this was before my time in the House of Commons—were not so dissimilar from the Standing Orders of the House of Commons. They dealt with, among other things, delay. Very important it is, too. If there is such a thing as gridlock, there comes a point, as we sometimes see in the United States, when the people whom we are elected to represent grow increasingly angered that the business of government comes to a halt because horns are locked. That becomes the grounds for compromise and discussion as the route forward.

As I understand it, in the Lords a proposition has been offered to the Government to separate the Parliamentary Voting System and Constituencies Bill into two parts, with one part going forward. So there were grounds for compromise. At the moment that is not acceptable to the Government and there is therefore gridlock, but there will come a time when that is unacceptable to a wider public, who want Parliament and the Government to move on.

Chris Bryant: I hoped that my words supported the very argument that the hon. Gentleman is making. I would, in addition, invoke Cato the Younger, who by speaking until dusk, made sure that Caesar did not always get his way. *[Interruption.]* The Deputy Leader of the House says that that was a filibuster. Cato was right to use every tactic that he had, but the hon. Member for Aldridge-Brownhills (Mr Shepherd) is right, too. The Standing Orders of the House of Lords were the same as they were in this place. The fact that now the Government always have precedence over the order and the timing of debates is one of the reasons why there is no check on the Executive at all.

Mr Shepherd: I am always encouraged when a political opponent, in the sense of someone from the other side of the House, adopts arguments that I advanced against him when he was sitting on the Front Bench on behalf of the Labour party. It is true. Now we see the conversion

[Mr Shepherd]

of the defeated. That is why we should always be mindful that our hold on government is a temporary experience, and that one day we will be sitting on the Benches on the other side of the Chamber and hoping to be able to make the reasoned arguments that can convince a wider public out there.

The sheer disengagement of some of our arguments from those by whom we are elected, and from why we are elected, is to me the most worrying development of Parliament in recent years. We have scorned the historic balance of where the people lie in this matter; that is why I support both new clauses. I have asked the whole way through our consideration of the Bill how it will strengthen the people's hold over the House of Commons, which is their representative instrument for ensuring that public policy bears some relationship to the desires, hopes and aspirations of our society. I commend my hon. Friend the Member for North East Somerset for the informed, reasoned and reasonable way in which he presented his new clause. If it is put to a vote, I will vote for it, because I would like to show that there is some support in this House for the arguments it advances about temperance in respect of the House of Lords and its doings.

I am a democrat and truly believe in the representation of the people in this House, which is what I want to see. However, the basis of the argument that I have made the whole way through proceedings on the Bill is that we know that it is about the entrenchment of a temporary coalition, and we are trying to examine, and amend, the aspiration that things can somehow be rejigged. We have heard the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Forest of Dean (Mr Harper), who is sitting on the Front Bench, advance the startling proposition that the Queen could dismiss a Prime Minister for acting "improperly". No constitutional documents in the past two centuries, and certainly not since 1867, have stated that that was a practical reality.

Thomas Docherty: In that case, perhaps the hon. Gentleman could explain why Her Majesty was able to dismiss the Government of Australia, which is part of the Commonwealth, by using the powers that she has.

Mr Shepherd: The constitutional arrangements of Australia are a matter of written statute there, and I understand that the Governor-General exercised the prerogative power in the case to which the hon. Gentleman refers. However, that is not what I am concerned about; I am concerned about our own constitutional processes. I think that the statement by my hon. Friend the Parliamentary Secretary was misjudged, but he has never withdrawn it. He is a representative of the Government, and of the Crown itself, but as a Member of Parliament he has never withdrawn that statement.

My nervousness about the Bill is clear. I am nervous about the idea that two parties can mandate that their existence as a coalition should last for a term of five years. I have expressed that view before, and I think that it is shared by a number of Members. I have no doubt that the Lords will think that measure trivial in some ways, because it is a presumption; how can one mandate something that is formed by human beings with their own policies and parties? They can work together to a certain extent, but the coalition will last as long as the coalition lasts. I am not damning it; I am just saying that I do not think that they should have reached forward with a Bill of this nature. If they want to work in harness they will have the support of a great many Members of this House. We know that the nation is confronted with an economic crisis and difficult decisions have to be made. The people of this country are having to make difficult decisions on how to restore economic competence, balance budgets and all the rest of it.

We have spent a lot of time on the first matter, so I will now come to the real new clause, tabled by my hon. Friend the Member for Stone, which I will undoubtedly vote for. His brevity today was extraordinary. *[Laughter.]* I do not laugh at it, for I think that the expression of great ideas is all the more effective for being expressed in a concentrated and condensed way. I appreciate that there is a drinks party at Downing street for Members from my party who want to attend, so I will bring my remarks to a close, as the great business of the Government must not be delayed by the musings of the House of Commons on such matters as constitutional reform.

I am standing up to support the limitations that are being expressed and the hesitations about the nature of the Bill. If there were one thing that I could argue for and effect, it would be that the Government themselves realise that they have a job. We salute them for that, but, when they fiddle with the constitution in ways that suit only their own purpose and stifle the natural functioning flow of politics, we lose something, and we lose the attention of our constituents. My argument is that we cannot march to a drumbeat like that. I am grateful to my hon. Friend for giving us the opportunity at least to raise our caveats, and I am grateful to the Labour party for indicating that it will support the new clause. It is important, and I commend it.

Mr Harper: I thank my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) for his generous opening remarks and, as usual, largely excellent speech. I say "largely", because I do not entirely agree with his characterisation of the other place, given the behaviour not, I hasten to add, of their lordships' House, but of a small number of former Labour MPs, who are filibustering and abusing every procedure of that House to try to frustrate the will of this elected House of Commons, which passed the Parliamentary Voting System and Constituencies Bill by a considerable majority. Apart from that, I very much enjoyed my hon. Friend's speech.

Mr Andrew Turner (Isle of Wight) (Con): On a point of order, Mr Deputy Speaker. Is it in order for the Deputy Prime Minister to have abused the Members of the House of Lords in the form that he chose?

Mr Deputy Speaker (Mr Nigel Evans): That is most certainly not a point of order for me. I am sure that there are other ways in which the hon. Gentleman can express his views, and I am sure that the Deputy Prime Minister—like the Minister who is present—will be well aware of what has just been said. Please, Mr Harper, continue.

Mr Harper: I am grateful, Mr Deputy Speaker. I think that I drew a distinction between certain Members of the other place and the other place in general, about which I have no complaint.

My hon. Friend the Member for North East Somerset explained very clearly the effect of his new clause 3, and he was concerned about changes to clause 1 being made

using powers in the Parliament Act 1911. It is already the case—this is a subject on which I agree with the hon. Member for Rhondda (Chris Bryant)—that the Parliament Act cannot be used to push through legislation that extends the life of Parliaments. One hon. Member—I think it was my hon. Friend the Member for Stone (Mr Cash)—pointed out that because of the Bill's provisions allowing the Prime Minister to vary the date of an election by up to two months in an emergency, we cannot use the Parliament Act to push this legislation through against the wishes of the upper House. However, the new clause tabled by my hon. Friend the Member for North East Somerset would, as the hon. Member for Rhondda said, also prevent this House from reducing the length of a Parliament without the agreement of the other place. It does not seem desirable to put that provision in place.

Section 2 of the Parliament Act 1911, to which my hon. Friend's new clause refers, sets out important rules about the relationship between this House and the other place. Those rules have been in place for some time, and the Government certainly do not intend to start changing that relationship. It is already the case that we cannot lengthen a Parliament, and given what I have said, we do not want to start changing the Parliament Act as my hon. Friend's new clause would.

Chris Bryant: I presume that the Minister is therefore confirming that the Bill does lengthen a Parliament.

Mr Harper: Yes. The Bill sets out a five-year term, and in an emergency it would be possible for the Prime Minister to vary the length, so we cannot use the Parliament Act to enact it. That is a perfectly straightforward point. It is in the Bill; it is no great secret at all.

Chris Bryant: You denied it in Committee.

Mr Harper: No. It is very clear in the Bill. I do not think that the issue arose in Committee.

The hon. Member for Dunfermline and West Fife (Thomas Docherty) also put his finger on this issue when he correctly drew attention to it in an intervention on my hon. Friend the Member for North East Somerset. If my hon. Friend presses the new clause to a vote I shall ask hon. Members to oppose it.

My hon. Friend the Member for Stone, in speaking to new clause 5, said that the Fixed-term Parliaments Bill was about perpetual coalition arrangements. It is not about fixed-term Governments, but about the length of Parliaments. All it does is take away the Prime Minister's power to dissolve a Parliament and bring it to an end. It replaces that right with two provisions that establish no-confidence procedures, which we have already, and give Parliament the opportunity to vote for an early Dissolution.

5.30 pm

My hon. Friend confirmed, in effect, that new clause 5 was a wrecking amendment. He said that he could not table the proposal exactly as he had wanted, because it would have been ruled out of order. I suppose that it is a wrecking amendment in a cunning disguise.

Mr Cash: I strongly resent the idea that new clause 5 is a wrecking amendment: it stands on its own merits, and I repudiate this Baldrick attempt to turn it into a cunning plot.

Mr Jenkin: On a point of order, Mr Deputy Speaker. Is it not the case that if there was an attempt to table a wrecking amendment, the Clerks would rapidly describe it as out of order and it would not be selected for debate?

Mr Deputy Speaker: All I can say is that all the amendments and new clauses have been chosen in the right and proper way.

Mr Harper: Exactly; it is a very cunning new clause. My hon. Friend the Member for Stone put his finger on the point that an amendment simply to take away clause 2 would have been a wrecking amendment. The power of revival is the cunning disguise in which the new clause is wrapped.

My hon. Friend the Member for Harwich and North Essex (Mr Jenkin) described clause 2 as a fig leaf. I do not agree with that characterisation, but even if the House agreed with it, I am not sure that hon. Members would be as keen to remove the fig leaf as my hon. Friend the Member for Harwich and North Essex appeared to be. *[Interruption.]* No, that is what he said. He said that it was a fig leaf and that he wanted to remove it.

My hon. Friend the Member for Stone seemed to establish a new doctrine in his speech. He seemed to be suggesting that all Acts of Parliament should lapse at the end of a Parliament, just in case the new Parliament is of a different complexion and its Members disagree. He said that the House should not bind its successors. It is perfectly true that the House cannot bind its successors, because each successive Parliament can repeal Acts; that is the normal way. However, it is not the normal procedure for all Acts to lapse at the end of a Parliament, just in case the new Parliament disagrees with them.

The Government hope, although they cannot bind their successors, that the public and future Parliaments will find the arrangements in the Bill acceptable and will keep them in place. Future Parliaments are, of course, at liberty to change them. However, we do not think that there should be what my hon. Friend the Member for Stone described as a sunset clause to remove the powers. If clause 2 were removed as he suggested, it would effectively give back the power to the Prime Minister to dissolve Parliament at will. We have argued throughout the passage of the Bill that that would be undesirable.

Chris Bryant: Many of us believe that the Prime Minister has that power even under the Bill, because all he has to do is table a motion of no confidence in his own Government, to which the Opposition would almost always agree, and there would be a general election. Be that as it may, I am sure that the Minister argued and voted for sunset clauses in relation to control orders, which, I understand, will expire next Monday. Is the same provision not necessary in this Bill?

Mr Harper: No; the Government's intention is to change the system so that there are fixed-term Parliaments, apart from in the two possible cases set out in the Bill. We think that that is a desirable change. If the public and future politicians agree that it is desirable, it will stand the test of time. That is what we hope for and what we have argued for.

[Mr Harper]

My hon. Friends the Members for Stone and for Harwich and North Essex raised concerns about the two procedures in clause 2—motions of no confidence and motions on early elections—that allow for early elections. However, the House of Lords Constitution Committee was fairly supportive of those measures.

The Committee said that it was

"sensible for the Bill to contain some form of safety valve which would allow for an early election in circumstances such as the government losing the confidence of the Commons or where a political or economic crisis has affected the country",

and concluded that the safety valves that we had included were appropriate. The Committee also looked at the risk of the courts intervening, which my hon. Friend the Member for Harwich and North Essex mentioned, and concluded:

"The risk that the courts may intervene in any early dissolution of Parliament by questioning the Speaker's certificate is very small",

adding:

"we do not consider the risk to be sufficient to warrant a rejection of clause 2 of the Bill."

Based on what the House of Lords Constitution Committee has said, I, unlike my hon. Friend the Member for Stone, am confident that when this House approves the Bill, as I hope it will, and it is debated in their lordships' House, they will give it proper scrutiny, but in the end give it a fair wind and pass it. However, if my hon. Friend presses his new clause 5 to a vote, I will urge all hon. Members to reject it and to keep clause 2 as it stands.

Jacob Rees-Mogg: I beg to ask leave to withdraw the clause.

Clause, by leave, withdrawn.

Mr Cash *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. If you wish to press your new clause, Mr Cash, you will have an opportunity to do so later, after we debate the next group, which starts with new clause 4.

New Clause 4

Prorogation of Parliament

'(1) Parliament can only be prorogued in accordance with this section.

(2) If the House of Commons resolves that Parliament should be prorogued, Parliament shall be prorogued at that time, or by declaration of the Speaker.

(3) The Speaker of the House of Commons shall not make such a declaration unless the House of Commons has passed a resolution directing him to do so on or before a specified date and time.

(4) Where Parliament is prorogued under subsection (2) above, the Speaker may by declaration prorogue it to an earlier or later day.

(5) The Prorogation Act 1867 is repealed.'.—*(Chris Bryant.)*

Brought up, and read the First time.

Chris Bryant: I beg to move, That the clause be read a Second time.

Mr Deputy Speaker: With this it will be convenient to discuss the following:

Amendment 14, page 2, line 5, clause 2, at end insert—

'(aa) certifying whether or not the motion specified a polling day for such an election, and if so, the day specified in that motion.'.

Amendment 15, page 2, line 24, after 'be', insert—

'(a) the day specified in a motion as certified under subsection (1)(aa) above, or, if no date is specified, (b)'.

Amendment 8, page 2, line 29, clause 3, leave out '17th' and insert '25th'.

Amendment 9, page 2, line 39, at end insert

'within 15 working days of the polling day'.

Amendment 2, page 4, line 4, schedule, leave out '"or dissolve"' and insert

'"prorogue or dissolve Parliaments nor"'.

Amendment 3, page 4, line 6, at end insert—

'Meeting of Parliament Act 1797 (c. 127)

2A The Meeting of Parliament Act 1797 is repealed.'.

Amendment 4, page 4, line 8, leave out

'"or dissolved" where it occurs second'

and insert

'"unless it should be sooner prorogued or dissolved by the Crown, anything in the Succession to the Crown Act 1707 in any way notwithstanding"'.

Chris Bryant: I wish to speak to new clause 4 and some of the other amendments in the group, which stand in the name of the Leader of the Opposition, the shadow Lord Chancellor and myself.

One of the arguments that the Deputy Prime Minister, the Prime Minister, the Minister and the Deputy Leader of the House have advanced in favour of the Bill is that it surrenders a hefty part of the royal prerogative that has been enjoyed by the Prime Minister, in that the Prime Minister will no longer be able to cut and run. That is, the Prime Minister will no longer be able to determine the date of the general election or be free to run the constitution—and, in particular, the electoral timetable—according to party political advantage.

Those of us who have supported fixed-term Parliaments for some time, and who made many speeches about them before the last general election, agree that that is an important step to take. We support the idea of fixed-term Parliaments. We note that there have been several occasions in the past when Prime Ministers have been tempted to call general elections because they have had poll leads, and when they have cut and run. There have been other occasions when Prime Ministers have decided not to do so, because they were fearful of the electorate. We believe that it makes far more sense for local authorities, which have to administer elections, and for the Boundary Commission and the whole paraphernalia of electoral law to have the clarity that comes from knowing, in general, except for extraordinary circumstances, when the next general election will be.

However, one element of prerogative power that the Government are not surrendering is the prerogative power of Prorogation—I shall have to be careful with my syllables in the next section of my speech. As I am sure all hon. Members know, Prorogation is a rather abstruse element of the way in which we do our business. It is an irony that it is still true that Parliament can neither sit nor choose not to sit without the say-so of the Crown. I use the term "the Crown" because in

theory it is the monarch who decides, but in practice it is the monarch in consultation with the Privy Council, which means, to all intents and purposes, the Government of the day, and therefore the Prime Minister. That is laid down in a series of different elements of our constitutional settlement, but in particular, in the power of Prorogation, which lies, fairly and squarely, solely with the Crown and the Prime Minister.

It is still true that there is no requirement that a Parliament sit—except, one could argue, in so far as the provisions in the Bill of Rights determine that no money can be granted to the Crown unless it is expressly granted by Parliament, and that Parliament therefore has to meet at least once a year to agree the estimates. Similarly, one could argue that the provisions relating to not being able to have a standing army mean that Parliament has to meet every five years. A provision also exists stating that we cannot be without a Parliament for more than three years. However, I would argue—as the Social Democratic party-Liberal alliance used to argue very forcefully—that Parliament should have a permanent existence, except during those brief moments when it is dissolved.

Of course we still support the idea of having annual Sessions of Parliament, and there needs to be a means of ending each parliamentary Session. We also need a means of dissolving Parliament before a general election. However, the amendments that we have tabled today would mean that the power to decide to sit and not to sit would lie solely in the hands of this House and not in the hands of the Government. Under the current provision, Dissolution is effected by royal proclamation under the Great Seal, and the proclamation of Dissolution sometimes follows Prorogation and sometimes follows an Adjournment. Our proposal is that that proclamation and the date on which Parliament would next sit following a general election should not be decided solely by the Prime Minister, and that they should be fixed in statute, as they are in nearly every other constitution in the world.

This is especially true if we are moving towards what are being called fixed-term Parliaments but are actually fixed general election dates. It is important that the House should always know when it is next going to sit following a general election. That is why we have tabled amendment 9, which proposes that Parliament should sit "within 15 working days of the polling day".

That would apply whether it is an early general election or one that takes place on a fixed date, such as May 2015—or, as we would argue, May 2014. We have used the term "working days" because that term has been used throughout the Bill. There is one tiny element in the Bill in which the Government refer simply to "days" rather than "working days", but they refused to accept our argument on that, and our amendment to change the wording was defeated. None the less, I think that it is better to be consistent throughout the Bill in the terms that are used.

The power of Prorogation is important not only at the end of a Parliament when there is a Dissolution and a general election; it is important also at the end of a Session, in that every element of parliamentary business is suspended. There are no further sittings, and all Bills that have been commenced fall, except those that have expressly been permitted to be carried over to the next Session. As I understand it, the only other exception relates to impeachment proceedings, which are able to continue from one Session to the next.

The power to prorogue is therefore a substantial one that the Government retain. I would argue that this is particularly important in relation to this Bill because the Government could use the power inappropriately, if it were to remain solely in their hands, if there had been a vote of no confidence in them. Let us say that the Government had opposed the vote of no confidence but lost it. There is a provision in the Bill that, in the following fortnight, a new Government would have to pass a motion of confidence. However, a motion of confidence can be agreed in the House only if Parliament is sitting. If the Government had decided to prorogue Parliament, there would be no opportunity for a new one to be formed. I can perfectly easily see a set of circumstances in which a Government, having lost a vote of confidence, would want to make sure that no other Government can be formed and therefore prorogue Parliament expressly to prevent an alternative Government, thereby triggering a general election.

5.45 pm

The Parliamentary Secretary, Cabinet Office who is no longer in his place, was told off earlier by one of his parliamentary colleagues for advancing the argument in a previous debate that if the Prime Minister were to act unconstitutionally, the monarch would sack that Prime Minister. I have talked this over with quite a few constitutional experts, every single one of whom said that that is complete and utter nonsense—including Vernon Bogdanor who told me that he was particularly depressed by the way in which the Minister had advanced that argument because he was one of his own students who had previously seemed to be quite intelligent, but seemed to have abandoned his sense on this point.

Thomas Docherty: My hon. Friend is articulating a coherent case. Does he agree that if we have a new electoral system, the odds of having a hung Parliament will increase greatly and that if this Parliament did not have an opportunity to re-form a Government, that would be expressly against the wishes of the people, who had clearly voted for a hung Parliament?

Chris Bryant: I detect a bit of a difference of view between my hon. Friend and myself here. I hate to say this, but I am rather more with the Deputy Leader of the House on this issue. My hon. Friend is right in saying that if a proportional system were introduced, a succession of hung Parliaments would be more likely. Consensus would rule the day and coalition Governments would be formed on a fairly regular basis. That is not absolutely certain, as it has not happened in some countries that have proportional representation. However, the alternative vote, which I shall be voting for— *[Interruption.]* My hon. Friend the Member for Dunfermline and West Fife (Thomas Docherty) shouts out, "Shame", but it expressly points out in "Erskine May" that shouting "Shame" is unparliamentary. I would not want to excoriate him on that basis. I am not quite sure on which page it says that, but I am sure he will find it, if he looks for it. *[Interruption.]*

Mr Deputy Speaker (Mr Nigel Evans): Order. It is my job to cite that authority, not the job of the hon. Member.

Chris Bryant: I am just trying to help you out, Mr Deputy Speaker. You did say earlier that you were at the edge of your knowledge and this might not be a page you have reached in your reading of "Erskine May".

My point was that the alternative vote system does not necessarily lead to more hung Parliaments. It depends entirely on the political climate of the day. The fact that first past the post has on this occasion delivered us a hung Parliament and that we have had coalition Governments many times over the last 140 years provides evidence that it is not first past the post that delivers a particular version of government, but how people vote in the particular circumstances.

Chris Bryant: I was referring to the use of Prorogation at the end of a parliamentary Session. I believe that that should be in the hands of this House, not in the hands of the Government. Sorry, in fact I was referring to the case where a Government might choose to use Prorogation expressly to prevent an alternative Government from being formed. The Deputy Leader of the House might reassert what the Parliamentary Secretary said earlier—that the monarch would simply sack the Prime Minister in such circumstances—but I do not believe that the monarch has such a power. In fact, since statute law would have expressly stated that that power was still there, I cannot see how that could possibly happen. Alternatively, the Deputy Leader of the House might say that the monarch would refuse to grant Prorogation. That would set the monarch directly against the Prime Minister, and in such a contest there would be a real constitutional crisis, which some would want to take to the courts because the provisions would by then have been placed in statute law.

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): The hon. Gentleman is exploring an interesting argument, but there is currently nothing to prevent a Prime Minister from requesting Prorogation to avoid a vote of no confidence if he believes that the monarch will accede to his request. Given that that has never happened, why does the hon. Gentleman think that such a constitutional anomaly is more likely to arise following the passage of the Bill than under the present arrangements?

Chris Bryant: The Deputy Leader of the House has made a fair point. However, because we are now putting in statute significant elements of the way in which the British constitution might work in the future, rather than, of necessity, what exists at present, we are creating a labyrinth which Prime Ministers may well wish to navigate. I shall say more about that shortly, once I have given way to the hon. Member for Rochester and Strood (Mark Reckless), who is talking to a Whip at the moment.

Mark Reckless (Rochester and Strood) (Con) *rose—*

Chris Bryant: I give way to the hon. Gentleman.

Mark Reckless: That is very kind.

I believe that there is a recent precedent in Canada, whose Parliament—if I understand the position correctly—was prorogued for two or three months by a minority Government, against the wishes of many parliamentary parties.

Chris Bryant: The hon. Gentleman has predicted almost exactly what I was about to say. The 40th Canadian Parliament, which was elected on 14 October 2008 and opened on 18 November, was prorogued by the Governor-General almost immediately, on 4 December, at the specific request of the then Prime Minister, Stephen Harper. I do not think that there is a deliberate coincidence between his surname and that of the Parliamentary Secretary, Cabinet Office.

Mr Harper expected a motion of no confidence in his Government, and a coalition agreement was established between the various parties with the support of the Bloc Québécois. As the hon. Gentleman says, that Prorogation was quite substantial, and a second Prorogation at the end of 2009 lasted for more than two months. Many complained that it too had been arranged expressly to avoid a political inconvenience. At the time, a big row was taking place about the detention of Afghans by Canadian forces.

As the hon. Gentleman suggests, there is a real danger that Prorogation could be used in a rather more assertive and political fashion. Governments in this country have tended not to use it in such a way, partly because it means losing the business on which they have embarked and having to start it all over again. That will probably continue, but given that Select Committee reports—including reports from the Standards and Privileges Committee—also fall in such circumstances, I can easily imagine that a Government might choose to prorogue a month earlier than usual, perhaps very early in a Parliament, in order to avoid a political necessity. Interestingly, the ostensible reason given by the Canadians was the prospect of the winter Olympics in Canada. They said it was imperative that the Canadian Government should be able to get on with its business, and that Parliament should not be able to meet during the Olympics.

I think it is right for the power to cease to be wholly in the hands of the Crown, and to be in the hands of the House. I also think that we should start to clarify the knitting pattern, as it were, of this part of the constitution as it currently exists. The laws governing Prorogation hang on a series of Acts of Parliament: the Prorogation Act 1867, the Meeting of Parliament Acts 1694, 1797, 1799 and 1870, and the Parliament (Elections and Meeting) Act 1943. The thrust of all those Acts is that the monarch is entirely able to prorogue Parliament, to decide when it will next meet, and to continue to prorogue with only the safeguards of the measures that I mentioned earlier in the context of the Bill of Rights.

There is a considerable lack of clarity in regard to the process in the run-up to a general election. We know when the next general election will be, at least according to the Bill, although we still hope that their lordships may enforce their will and ensure that it takes place in 2014 rather than 2015. Indeed, I hope that a significant number of Conservatives will support the 2014 date, if only to shrug off the embrace of the Liberal Democrats. However, given that we know when the next general election is expected to be, it surely makes sense for us to rationalise the process of Prorogation.

Up to 1974, there were only two 20th-century general elections in which a Dissolution was not preceded by a Prorogation: the elections of 22 August 1922 and 31 July 1964. As I am sure Members have already spotted, both those elections took place in the summer months, during

long recesses when the House stood adjourned. Adjournment, of course, follows a decision by the House, not the Government. There followed a period during which the Government decided to abandon Prorogation. There were adjournments in the summer of 1974, in 1979, in 1983 and in 1987, with no Prorogation.

By 1987, the assumption seemed to have become that the House would do without Prorogation at the end of a Parliament and before Dissolution, partly because the Royal Assent Act 1967 had allowed Royal Assent to be granted by notification rather than necessarily by Prorogation. There was, and still is, no specific need at Prorogation for Royal Assent to Acts that had not yet been referred to. In fact, in 1987 there was something of a row in the House. Mr Speaker Weatherill said that he thought it inappropriate for us to abandon Prorogation. It may be apposite to discuss that occasion this evening, given that so many Members have left the Chamber to go to a drinks party in Downing street. Incidentally, is the sun already past the yardarm? It is not yet 6 pm, and Conservatives are already drinking in Downing street. Tradition has gone by the board.

Thomas Docherty: I am sure that the fact that the Conservatives have had to resort to drink has nothing to do with last Thursday's result in the Oldham by-election.

Chris Bryant: I do not think they are very happy. I also think that the Prime Minister may have needed to gather his troops as a result of last week's result.

On that occasion in 1987, the Speaker and several Members, including Mr Faulds, expressed the view that one of the traditions that had developed over the years was that once a Parliament had been prorogued, Members had an opportunity to make final speeches, and the Speaker had an opportunity to bid farewell to those who would not be standing in the subsequent election. I believe that 86 were not standing again in 1987. Mr Speaker Weatherill said that he thought it was wrong for there to be no Prorogation before Dissolution, and several Members agreed. My hon. Friend the Member for Bolsover (Mr Skinner) was the only one who believed that it would be good to get rid of Prorogations, because the whole business of Lords Commissioners doffing their caps in the House of Lords struck him as a ludicrous ceremony that should be abolished. A fair number of Members probably think that the quaintness of that moment should not simply be chucked away for the sake of it. My point is, however, that the decision on whether Prorogation should take place ought to lie in the hands of the House rather than in those of Government. I also think it is important for it to be known at that point exactly when the first sitting of the new Parliament will be.

As a result, I suspect, of Mr Speaker Weatherill's views, Dissolution was again preceded by Prorogation in 1992, 1997, 2005 and 2010. However, in 2001 Parliament was dissolved without being prorogued, and was simply adjourned on 11 May 2001. Adjournment was, of course, a decision of the House, not the Government.

6 pm

In summary, it is important that, just as the Government are surrendering the prerogative power in relation to Dissolution, they should also surrender the prerogative power in relation to Prorogation. They should do so for three reasons: first so as not to have the temptation of being able to use Prorogation to prevent business that they do not want to happen; secondly because we are putting into statute measures in respect of what happens in the case of a motion of no confidence that make express provision for a strict period of time during which a motion of confidence has to be passed and which could be passed only if the House were sitting, and therefore not prorogued; and thirdly because we need to tidy up the processes we go through at the end of a Parliament—not the end of a parliamentary Session—both by determining that we should have a Prorogation but that the decision on the date should be left to this House and not to the Government, and by ensuring that, as in amendment 9, there is a clear date for when the new Parliament will be sitting.

New clause 4 therefore puts Prorogation directly in the hands of the Commons and repeals several of the historical provisions in statute. It would clarify all these issues. It allows for the House to decide either immediately to prorogue, or to allow the Speaker to prorogue at a later time that is, however, fixed. It would also repeal the Prorogation Act 1867 and tidy up a variety of measures.

Amendment 2 amends the Crown Act 1707—that is important—and amendment 3 repeals the Meeting of Parliament Act 1797. Amendment 4 amends section 51 of the Representation of the People Act 1867 so that any reference to Dissolution or Prorogation is entirely omitted. Amendment 9 would require Parliament to meet "within 15 working days" after a general election. In the vast majority of cases in the last 61 years since the second world war, that would meet the needs of every new Parliament. These measures would bring the sitting, holding and closing of Parliament into Parliament's hands.

We have further amendments in this group, to which I also wish to refer briefly. As all Members know, the length of time that is allowed for a general election has historically been 17 days. That is referred to in the Representation of the People Act 1983, as amended, which makes provision for the

"Last day for delivery of nomination papers/withdrawals of candidature/appointment of election agents"

to be on the sixth day after Dissolution, with polling day 11 days after that. That has made perfect sense over the years, when we have been completely uncertain as to the likely date of the general election—it could be in January, March, April or any time of the year. However, under the Bill we are now moving over to a situation in which general elections will nearly always be in May, and on the same day as local elections, Assembly elections in Wales and Northern Ireland, and elections for the Scottish Parliament. For each of those elections the timetable is a 25-day period, not a 17-day period. I think it makes sense to have the same length of time for all sets of elections that are being held on the same day.

Various considerations apply to this issue of course, including national expenditure on election campaigns, local expenditure, the amount an individual candidate can spend on promoting their own candidature, and a whole series of different measures in relation to electoral law. They all come into play the moment that that short campaign period has started. It therefore makes sense for the period to be the same for all the different candidates who are standing for election at the same

time. I have spoken to the Electoral Commission, which has been campaigning for equalisation in this regard for some time. It is interesting that while the Representation of the People Act 1983 set a timetable of 17 days for a general election, every time a new body has been set up subsequently, the decision has been made to set the period at 25 days rather than 17 days.

Several years ago, the second speech I ever made in this House was on the Ofcom paving Bill, which was introducing Ofcom and getting rid of the various different bodies that then regulated broadcasting and telecoms. I said it would be great to get rid of lots of bodies and just have one because it would be coherent, more consistent and, to use a valleys" word—as in the south Wales valleys—it would be tidy. Unfortunately however, *Hansard* rendered that as to use a valet's word. We do not have many valets in the valleys, but I would still assert—I hope that the *Hansard* reporters are noting this—that the proposal I have just mentioned would be more coherent, more consistent, and that, to use a Valleys word, it would be tidy. *[Interruption.]* I see that I have support for this amendment from one of the Conservative Whips; I hope I will see him in the Division Lobby later.

I very much hope that the Government will feel able to support these amendments. I understand that there may be some uncertainty in relation to the period of the general election campaign, but I hope that what will triumph in Ministers' minds is a desire to see greater clarity and tidiness in our electoral arrangements as we move towards a fixed-term Parliament.

Nick Boles (Grantham and Stamford) (Con): Anybody who knows me knows that my appreciation of a glass of reasonably priced white wine is second to no one's in this House, and my appreciation of a glass of reasonably priced white wine served by the Prime Minister in No. 10 Downing street is extreme, but my love for the British constitution is greater than that.

Chris Bryant: Is he charging?

Nick Boles: The shadow Minister asks whether my right hon. Friend the Prime Minister is charging for the drinks he is serving in No. 10 Downing street. In response, I would merely point out something that seems to have escaped the attention of Opposition Members.

Thomas Docherty: On a point of order, Mr Deputy Speaker. The hon. Gentleman seems to be claiming that the Prime Minister is using Downing street for commercial purposes. Is it appropriate for the hon. Gentleman to make such a serious allegation against his own Prime Minister?

Mr Deputy Speaker (Mr Lindsay Hoyle): I think we all know that that is not a point of order.

Nick Boles: I do not want to stray from the subject of the new clauses and the amendments, but I should point out something that seems permanently to escape Opposition Members, which is that we live in a time of austerity, and our Prime Minister is doing everything he can to maximise revenue to the Exchequer and minimise expense, hence the reasonably priced wine being served and the—

Thomas Docherty: Will the hon. Gentleman give way?

Mr Deputy Speaker: Order. We are straying from the subject of new clause 4. The price of drinks in Downing street has nothing to do with the topic under discussion.

Nick Boles: Thank you, Mr Deputy Speaker. I was in danger of being wholly distracted from my point, which is that my love for the British constitution, such as it is, is greater even than my love for a glass of reasonably priced white wine served at No. 10 Downing street, and there is no part of the British constitution for which I have a greater passion than that nebulous concept of Prorogation. It is the subject of the stories that my parents read to me by my bedside when I was a child. I agree that it sounds like a sad childhood, but such it was.

The hon. Member for Rhondda (Chris Bryant) made an ingenious argument about the dangers of this power remaining with the sovereign. He suggested that a Prime Minister presiding without a secure majority and having lost a vote of no confidence in this House might advise the sovereign to prorogue Parliament to avoid the possibility of Parliament passing a vote of confidence in an alternative Government and thereby bringing about an election, rather than the installation of a new Government. I am second to none in my passion for the nebulous concept of Prorogation, but I am no lawyer, unlike the hon. Gentleman.

Chris Bryant: I am not a lawyer.

Nick Boles: I withdraw that comment, Mr Deputy Speaker, which was almost certainly unparliamentary and banned by "Erskine May". The hon. Gentleman said he felt he had a certain expertise in English law but not in Scottish law. I point out that my expertise in any law is equivalent to his expertise in Scottish law, so I am skating across boggy ground, if such a thing is possible.

The hon. Gentleman tried to argue that the power to prorogue should transfer to Parliament so that a Prime Minister who has lost his majority and lost the confidence of this House cannot use the power and the persuadability of the sovereign to remain in office and require an election to be called. He has an excessively colourful imagination. I understand that where no party has a clear majority in this House the role of the sovereign is to see whether a stable Government can be formed.

We saw a very good example of that after the last general election, when there was no clear result and no party had a clear majority in this House. The sovereign behaved impeccably in allowing and encouraging the parties, both the Labour party in government and the Opposition parties, to explore which arrangement was the most stable and to form the Government who had the most chance of lasting. Surely where a party in government has lost a vote of confidence in this House and no longer commands a stable majority here it would be an absolutely integral part of the sovereign's constitutional role to invite the other party leaders to explore whether they could form a stable majority. *[Interruption.]* The hon. Member for Dunfermline and West Fife (Thomas Docherty) frowns. I would be happy to take an intervention from him, but may I finish explaining my logic? He can then explain to me why, as so often, it is flawed.

The sovereign would invite other party leaders to see whether they could secure a stable majority and they would have those conversations even if Parliament had

been prorogued. If a group of parties not then in the Government told Her Majesty—or His Majesty, on some future date—that they could form a stable Government and provided good evidence of that fact, and if the Cabinet Secretary were to advise that they were a stable Government, there is no reason why Her Majesty should not invite the leader of the parties putting together that constellation to form a Government. At that point, that leader would be the Prime Minister and could kiss hands—all of that can happen without Parliament being involved. That leader would then be the Prime Minister and would be able to "rerogue" or "unrogue"—I do not know what the correct term is—and recall Parliament, thus cancelling Prorogation, and put their Government to a vote of confidence. If they were successful, that would obviate the need for a further election. So I do not think that the logic of the argument made by the hon. Member for Rhondda holds.

6.15 pm

Kelvin Hopkins (Luton North) (Lab): I apologise for not being here earlier in the debate, but I am seriously concerned about what the hon. Gentleman is suggesting, which is a degree of politicisation of the monarch, as Head of State, from which I would draw back. If a degree of automaticity were involved and any Prime Minister of the day who could not form a Government automatically, as a convention, asked the leader of the next major party to form one, that would be one thing. If the monarch is making political judgments about who he or she should choose, that is a very different matter. When George V involved himself in helping to form the national Government in 1931 that was pushing the monarch too far into politics. Heads of State should not have that role.

Nick Boles: The hon. Gentleman also makes a strong argument and has much greater historical knowledge than I do. I would say only that if the Bill becomes law, it will become a clear part of our constitutional arrangements that the expectation, the desire and the will of the people is that we have fixed-term Parliaments lasting five years. Therefore, should there be an interruption that led to a vote of no confidence in a Government and the Prime Minister came to the sovereign asking for her to prorogue Parliament, it would be clear to the sovereign, who would also receive advice from her advisers, that there was a danger of frustrating the constitution and frustrating the will of the people for us to have elections every five years.

Given that the Prime Minister would have lost a vote of confidence in this House—in the old days that would normally have automatically led to their no longer having a right to govern—I do not think it would be classified as the sovereign "meddling" in politics were she then to say that she would invite alternatives if the Prime Minister could not tell her that he or she could form a stable Government without going to the people in an election. If the Prime Minister could not give her that reassurance, it would be entirely proper for the sovereign—her advisers would tell her this—to see whether the Parliament that had not run its full course did not contain an alternative stable Government who could be formed and for her to invite the relevant leader of any such Government to kiss hands, become Prime Minister and resummon Parliament to see whether they could win a vote of confidence. That is why the fear of the hon. Member for Rhondda is not justified. In fact, a reverse fear is involved.

Dan Byles (North Warwickshire) (Con): Is not the very purpose behind the Bill and the cooling-off period after a vote of no confidence precisely to allow that to happen? The expectation would not be that Her Majesty or His Majesty would interfere in the political process. Under the Bill, such a situation would throw the game open to see whether a Government who can command the confidence of this House can be formed. People elect MPs and then, to a certain extent, they expect us to get on and govern; they do not expect us to squabble, throw our toys out of the pram and have another election because it suits us.

Nick Boles: My hon. Friend puts it far more succinctly and better than I could. The key point is that there is nothing to stop that process happening just because Parliament is prorogued. We do not stop existing or being able to have conversations with each other, with Her Majesty's advisers or with senior members of the civil service because Parliament is prorogued. We would still exist, we would still be MPs and we would still be able to go through that process.

Thomas Docherty: "Erskine May" is quite clear about the fact that if Parliament is prorogued, all the Bills before the House fall. So it is not entirely accurate to say that there is no effect to proroguing Parliament.

Nick Boles: Of course I accept that, but it is not really what we are referring to. We are referring to non-legislative activity associated with forming a Government.

Jacob Rees-Mogg: Would that not be crucial? A new Prime Minister from another party would want all the Bills of the old party's Prime Minister to fall. Prorogation would be beneficial.

Nick Boles: Exactly.

Chris Bryant: The hon. Gentleman is completely wrong, I am afraid, much as I like him—

Nick Boles: The hon. Member for North East Somerset (Jacob Rees-Mogg) or me?

Chris Bryant: Both of you. I am quite happy to like anybody.

The hon. Member for North East Somerset (Jacob Rees-Mogg) is completely wrong. A person from the same political party might want to take over. The no-confidence vote might apply to the Prime Minister as an individual rather than to the whole Government. I would agree with the hon. Member for Grantham and Stamford (Nick Boles) were it not for the way in which the Bill is worded, because it refers to the period of 14 days—not 14 sitting days. The House could be adjourned or prorogued during that period, or it could already be prorogued. There are many different situations in which we need to seize this power back into the hands of the House rather than the Government.

Nick Boles: I thank the hon. Gentleman, who has thought about this for longer, more deeply and in a more researched way than I have, as I was invited to make this speech only a relatively short time ago.

Dan Byles: It is a slightly odd idea that we could have a vote of no confidence and that somebody from the governing party might take up the reins. Any party that had a vote of no confidence rather than a leadership challenge to change their leader would be highly irresponsible.

Nick Boles: My hon. Friend is right. There were moments in the previous Parliament when we all might have wished that the party in government had taken that route rather than imposing on us the rather long, drawn-out demise that we all witnessed.

Chris Bryant: Much as I like the other hon. Gentleman, whose name I do not know—*[Laughter.]* No, I do, but he was completely wrong. The hon. Member for North Warwickshire would be right if the Bill determined what counted as a motion of no confidence, but it does not. A motion of no confidence could be a motion of censure of an individual person. It might be tabled by the Opposition, and, if they won, they would end up unseating somebody as a party leader without unseating the Government.

Nick Boles: I have a sense that we will probably not persuade the hon. Gentleman here and now, although I have eternal optimism that we will persuade him of everything in due course.

Let me move on to the solution proposed by the hon. Member for Rhondda, which, to my mind, is as flawed—though also as ingenious—as his analysis of what he sees as the problems with the Bill. His solution is that this House, and exclusively this House, would have the power to prorogue. I believe that the House would adopt a resolution and the Speaker would then prorogue Parliament. The problem is another circumstance that the Opposition parties have talked about. When a Prime Minister with a rather small majority in this House feels, in the middle of a five-year term, that everything is going frightfully well, they might cynically decide to engineer a vote of no confidence that they would then instruct their Members to vote for in order to bring the House down, to prorogue and, more importantly, to have a further election. I have heard in earlier discussions that that vexes and worries Opposition Members and the hon. Member for Rhondda. Surely, his solution would fall prey to that ruse far more than happens under the current circumstances, when only the monarch can prorogue Parliament.

If a Prime Minister who felt that everything was going frightfully well and that if he had a quick election he could get a better majority could engineer a vote of no confidence by getting his troops to support it, surely he could engineer a resolution of the House to prorogue just as cynically, wilfully and arbitrarily. Does not the hon. Gentleman's proposal move the power of prorogation, which currently sits in that special, rather hallowed constitutional place of being one of the few things that the sovereign does, on to the Floor of this House where it will become subject to all the machinations and swirls of this place and of ambitious Prime Ministers trying to secure a better majority?

Chris Bryant: Prime Ministers are by definition ambitious, I think—that was otiose. No. The Prime Minister, to all intents and purposes, is the Crown and the Crown, to all intents and purposes, is the Prime Minister in the exercise of prerogative powers. Secondly, there is a significant advantage in not just being able to prorogue and close Parliament by proclamation but having to come to the House to make a speech to argue for it. That is the big difference.

Nick Boles: Although I defer hugely to the hon. Gentleman's greater understanding, he betrays a lack of a feel for how this constitution of ours works. The same criticism could be applied to some of his other amendments. The whole point of our constitution is that it is organic and flexible, and that it develops over time. Everything we do, every decision we make and every Bill we pass slightly shifts and changes the constitution. It is not a rules-based constitution but a practice-based constitution. Of course, there are rules—the Parliament Acts, the Salisbury convention and so on—but they develop and metamorphose as we use them.

Chris Bryant *rose—*

Nick Boles: If I may, I would like at least to develop the argument enough for the hon. Gentleman to be able to fire it down good and proper.

Once we have passed this Bill and created five-year Parliaments and the expectation that they are the norm for this country, the constitution will have changed. The way in which the sovereign uses her powers to invite people to form Governments, to see whether they can win the confidence of this House, to prorogue and to accept advice from a Prime Minister will change. We will all make the argument that it would be profoundly unconstitutional for a Prime Minister who had just lost a vote of no confidence to abuse his power as the monarch's sole adviser to advise her to prorogue a Parliament. It would be absolutely within the monarch's rights to say, "I am defending the constitution. I am defending this new expectation that we should have five-year Parliaments by trying to see whether there is somebody other than this loser, who has just lost the confidence of the House, who can command a majority. That does not interfere with Parliament or government—I am in fact interpreting properly the will of the people, which is that we should have five-year terms." I believe that the hon. Member for Rhondda thinks that these rules are unchanging and unbending and that they will not shift and metamorphose in response to the Bill.

Thomas Docherty: The hon. Gentleman has referred repeatedly to the will of the people, but at no point did his party leader or the Deputy Prime Minister promise a five-year term. However, his party leader did say that if there was a change of Prime Minister, there would be a general election within six months. Why has that not been considered as part of the Government's Bill?

Nick Boles: The hon. Gentleman is cunning, as ever. Unfortunately, in almost all his interventions in this debate—and in any other—he tends to argue that this House represents the sovereign will of the people, so it is a bit rich for him to shift ground and suddenly say that if something was not discussed in an election campaign, it did not receive the endorsement of the people. We are sufficient and entire unto ourselves, capable of representing the will of the people. If we decide, as I believe and hope we will, that we want to adopt this Bill, and if the gentlemen and ladies in the other place decide that they would prefer to have slightly

more sleep and approve the Bill, we will have decided—we are the will of the people—that this is how we want our constitution to operate in future. I do not accept the hon. Gentleman's ingenious objection.

Mr Charles Walker (Broxbourne) (Con): Will my hon. Friend briefly explain why he feels that the change of a Prime Minister should trigger a general election within six months?

Nick Boles: The question that has been asked does not relate to the clause or the amendments and I defer always to you, Mr Deputy Speaker, as to whether my comments would be relevant, although of course I want to be courteous to my hon. Friend.

Mr Deputy Speaker: I think we will stick with new clause 4.

6.30 pm

Nick Boles: Thank you, Mr Deputy Speaker, from the bottom of my heart.

As I hear in the distance the light pop of the second bottle being opened in No. 10 Downing street, I shall move on to other amendments in the group. The hon. Member for Rhondda has talked about tidying up. "Tidy" is a great word, particularly when spoken in the inimitable accent not of the valets, but of the valleys. I rather share his love of the word, but not the concept. It is an entirely classic Labour reaction to try to make everything neat and tidy. His further amendments would tidy up and specify when Parliament would return after a general election, but he has not told us why or when this has been a problem in the past. He never said, "There was that famous time when something happened in the country and we were not able to discuss it because we had not returned," or, "There was that famous time when the Prime Minister did not want to do PMQs and avoided them because she or he was so terrified." He has not given any reasons to explain why things are not working at the moment, so this is one of the rare occasions on which I shall associate myself with the deep instinct of my hon. Friend the Member for North East Somerset that we should not change things unless they are demonstrably broken.

Mr Charles Walker: Is not my hon. Friend making a good argument for retaining the current system and doing away with the Bill altogether?

Nick Boles: That is an even more ingenious attempt, Mr Deputy Speaker, because it is harder for me to appeal to you for succour on this point, but I reject my hon. Friend's point because I believe that the Bill is one of principle. I believe that the idea of Prime Ministers picking the dates of elections is wholly outrageous in a modern democracy and that we must have fixed-term Parliaments. I happen to know that this argument has been raging inside the Conservative, Liberal Democrat and Labour parties for years, so it is a cause of high principle.

The history of the British constitution is that changes of high principle happen only when the parties in power see political advantage in such change; that is how democracy works. Britain has been reformed when the great causes have been aligned with low party interest and I thank—I am not sure if I am allowed to say what I was going to say—the stars that in this Parliament at this time that alliance of high principle and low politics has come together and that we are putting through Parliament a Bill that will establish fixed-term elections and remove the Prime Minister's right to choose a date that is to his or her advantage.

Kelvin Hopkins: I am listening with interest to the hon. Gentleman. But I would be more convinced by his argument if the Bill were to apply after the next election, but this looks like a Government trying to perpetuate their term in office to five years.

Nick Boles: I detect from the hon. Gentleman's expression and demeanour that he is worried, but he should not be because we genuinely want the changes to become permanent—as much as the constitution of our country can allow that. We genuinely want there to be, at least for as long as any of us can see, a habit, norm and expectation deep in our society that there will be elections in May every five years. I hope that is how the situation will be perceived in this country after the Bill is passed—without my hon. Friends' amendments.

Dr McCrea: I am sure that the hon. Gentleman should not be afraid to mention God. A moment ago, he was going to say, "Thank God," but instead said "Thank the stars."

Nick Boles: I am very grateful to my hon. Friend—may I call him that? I feel as though we are friends even though we sit on opposite sides. I am always nervous about the customs of this place: I wanted to say thank God; I meant thank God; and frankly the stars have absolutely nothing to do with it. I am happy to be corrected.

Returning to the tidiness of the amendment of the hon. Member for Rhondda, he has not demonstrated, or even provided a shred of evidence to explain why the current point at which Parliament is recalled after an election is a problem or causes any difficulties. We should reject his amendment.

The hon. Gentleman has tabled another amendment to regulate the timetable for elections and he has again made a superficially appealing argument about lining up the different election timetables for different tiers of government, but it will not have escaped the attention of Government Members that he has, as ever, lined up with the longer figure. That betrays the deep belief of the Labour party, of which the hon. Gentleman provides a good example, that what the country needs are more politics, longer election campaigns, more leaflets going through doors and more people knocking on one's door just when EastEnders is on or when a good game has started.

Dan Byles: The House has faced a big problem with fundraising and the increasing cost of democracy. Would not longer election campaigns lead to more expense and a greater requirement for parties to raise funds? We all know that parties get into trouble however they try to raise funds, so is this not the wrong direction to go in?

Nick Boles: I agree entirely.

Chris Bryant: Well, the hon. Gentleman should not, because if we extended the 17 days to 25, there would be less need to raise money because the amount that can be spent in a short election campaign is much more

[Chris Bryant]

circumscribed than the amount that could be spent across the whole of the previous year. With a fixed-term Parliament, it should be possible to restrict the amount of money much more readily, so that is a further reason—I am glad he has added another—for him to support my amendment.

Nick Boles: I am not sure I understood that point, so, in a traditional Tory way, I am going to reject it because the hon. Gentleman said it.

The issue is whether the timetables should conform to the lower figure of 17 days or the higher figure of 25 days. My instinct, and probably that of most Government Members, is that any conformity should be to a shorter election campaign and a quicker decision. However, we must then address the issue of whether it is appropriate to determine that figure in this Bill. I believe that the Bill makes a fundamental constitutional change—to that extent I agree with those of my hon. Friends who are uncomfortable with parts of it—but that is why I support it. I want that fundamental constitutional change and I want it to remain for ever. I want it to be something that people will describe in 25 or 30 years' time as one of the big constitutional shifts in the life of modern Britain. Because the Bill will make such a fundamental constitutional change, I do not want to hang about with all sorts of little, pernickety tidying-up exercises. I do not want to lumber the Bill with measures that might seem irrelevant in future, thereby opening the door to further amendment. I want the Bill to have as few clauses as possible—clear clauses that are based on the principled position that the timing of an election should not be up to the Prime Minister but should be a matter of rhythm and pattern defined by our constitution.

Mr Nigel Dodds (Belfast North) (DUP): Is it not in the nature of these issues that parliamentarians will take the opportunity, when a relevant Bill comes before the House, to deal with matters for which such an opportunity might not come again for a long time? What is the hon. Gentleman's position on the amendment? Does he agree that the election period should be the same for local, parliamentary and Assembly elections, but not that it should be extended? Clearly, there are advantages to having the same period for all elections, not least in terms of calculating election expenditure for returns.

Nick Boles: I thank the right hon. Gentleman and I agree with him. If we are to have, as I hope we will, elections falling in a regular pattern, coinciding with other elections to other important democratic bodies, it seems obvious that there should be a consistent series. Otherwise, people would find it very confusing if local election campaigns had started while the parliamentary election campaign they all knew was coming had not. In such a situation, if parties put out leaflets with councillors on one side and a parliamentary candidate on the other, they might get into trouble for jumping the gun. The point he makes is absolutely right, but we should not necessarily decide here and now, in this Bill, between the proposals for 17 or 25 days, or even that the length should be 17 or 25 days. If we want to make this change, should we not think a bit harder about what the period should be? I have only thought of it on the spur of the moment, but I think I could make a very strong case for 12 days, and if someone wants to enter into a bit of a Dutch auction and say eight days, I would be happy with that too.

Chris Bryant: The hon. Gentleman is wrong, because one major reason why we might want a slightly longer period is to allow people who register for a postal vote to get their vote in on time. The hon. Gentleman's Government will be legislating for prisoners to have the vote; they will vote by post, as I understand it. In addition, as I heard him say earlier, people who live abroad—especially those in the armed forces—who vote by post would find it impossible to do so within a period of eight or 12 days. They already find it very difficult to do so within 17 days but they do manage to do so within the 25-day period for local elections.

Nick Boles: The hon. Gentleman is being a trifle unkind because he knew I was being a little light-hearted and frivolous; indeed he indulges himself in such behaviour. Whereas we allow him to get away with it, he has taken my light-hearted conjectures as a serious suggestion. What he has done, however, is to demonstrate the force of my argument, which is that we should have a proper discussion, separate from the Bill, about the question, "What is the right time period?"

There are many good counter-arguments; the hon. Gentleman has enumerated some of them. My sympathies for those prisoners denied their right to vote are more limited than my sympathies for the other categories of potential postal voter that he mentioned, but I am sure that those prisoners too will have their defenders. Should we not have a separate debate on a separate piece of legislation on this question—if legislation is required? Maybe it is required, but I do not think that we should be making this amendment to a Bill that needs to stand the test of time. It needs to rest as a keystone in our constitution that lasts through the ages and is not eroded by time. I hope, therefore, that everyone in the House will choose to reject the new clauses and the amendments proposed by the hon. Gentleman.

Mark Durkan (Foyle) (SDLP): My childhood, unlike that of the hon. Member for Grantham and Stamford (Nick Boles), was not peppered with bedtime stories of prorogations and other interesting matters.

Before I speak to the two amendments in my name, I want to discuss new clause 4 and some of the other amendments on Prorogation. I accept the point made by the hon. Member for Rhondda (Chris Bryant) that anomalies left in legislation can lead to all sorts of continuing questions, and to absurdities and abuses. In so far as we are trying to create fixed-term Parliaments and trying to set out in clear and reliable terms the circumstances in which an election can be brought about early, we should as far as possible have those arrangements as tidy—to use the hon. Gentleman's valleys word—as possible.

However, I accept the point that the hon. Member for Grantham and Stamford made: that the amendments of themselves would not sort out all the questions. If our real fear is that a future Francis Urquhart Prime Minister will exploit these anomalies and devices to create all sorts of problems, we should recognise that the amendments themselves would not fully prevent that, because a Machiavellian Prime Minister who was

able to marshal and control votes in the House would be able to do exactly the same with Prorogation. To a degree we are in the realm of,

"There's a hole in the bucket, dear Liza".

Each time we try to solve the problem, we come back to the basic issue of trust and control—the control that a Prime Minister and Whips could have in the House, where things rest on a vote determined by the Prime Minister.

I believe, however, that important amendments tabled by Members on the Opposition Front Bench would at least ensure that there are not open and blatant inconsistencies between election spending windows for different elections that could be taking place fairly coterminously. Simply as a matter of good legislative practice, we should as far as possible try to resolve those problems and keep things squared now.

Also in response to what the hon. Member for Grantham and Stamford said, if we are serious about the Bill being a fixed-term Parliament Bill, and if its purpose is to prevent people from being surprised into an election or an election from being called at a stroke, it could help if we had clear fixed time limits for Prorogation, such as those that are being suggested. I am somewhat like the hon. Member for Bolsover (Mr Skinner) in that I come from a political tradition that does not particularly like caps being doffed in the House of Lords or anywhere else, so I would prefer to avoid the constitutional eccentricity of Prorogation, but if that is part of the chosen furniture and architecture of this place, at least let us ensure that we do not trip over it in a dangerous way.

6.45 pm

Amendments 14 and 15, which are in my name, would amend clause 2. As with some of the comments that the hon. Member for Rhondda made in proposing new clause 4, my amendments 14 and 15 are intended to question the Government's argument that the Bill is about removing prerogative powers from the Prime Minister to call elections. It was said in earlier debates on the Bill that the significant move is that the current Prime Minister will be the first to give up that power. If that is the case, why, when an election is called early under clause 2(1) or the confidence measure in clause 2(2), is it left to the Prime Minister to recommend the election date? Clause 2(1) relates to when a vote takes place in the House of Commons for an early election date and that vote is certified by the Speaker. I believe that in such circumstances it should be entirely possible for the House, in such a Division, to specify the date rather than leaving it up to the Prime Minister.

This matter arose in debates at earlier stages. Some amendments had come from the Political and Constitutional Reform Committee, and some of its amendments brought us into the situation where everyone in the Chamber at Committee stage was talking about the provisions of clause 2(1) and (2). They talked about the vote taking place in close calendar quarters to the calling of the election, whereas I believe that we should make clear provision relating to clause 2(1) to allow Parliament to vote a year or, even two years ahead of the due date of an election, to say, "No, for good stated reasons we are going early." It might be that England has finally won a bid for the World cup and that tournament will coincide with the due date for an election, and people might well sensibly say in advance that they want to move it—similarly for the Olympics or another event. People seem to be very taken with royal weddings at the minute—perhaps some such event could be taking place in close proximity to the due date for an election, in which case Parliament might very sensibly agree to move the date forward. As the Bill stands, Parliament cannot do that.

Mr Charles Walker: If we support the notion of a fixed-term Parliament, which I do not, surely we have to accept that risk. If we support the idea of a fixed date in the calendar, it is just tough if there happens to be a royal wedding at the same time. We cannot have it both ways.

Mark Durkan: That sums up my view on royal weddings, but that is my own prejudice.

Another argument that has been made is that the Bill is about removing a prerogative from a Prime Minister and giving powers to the House. If that is what we are saying—not just that the Prime Minister is giving up some powers, but that the House is getting some—my amendment would ensure that the House gets more powers. The House should be equipped, not just to pass a motion calling for an early general election, but to specify the date—instead of leaving it to the Prime Minister to recommend to the monarch when that date should be—and there should be provision for Parliament to do so sensibly in advance. The amendments that we all debated in Committee all presumed that it would be in a matter of weeks, similar to the debate that we have just had about 17 days and 25 days' Prorogation—in other words, in fairly close calendar quarters. I believe that we should make provision in clause 2(1) to allow the House to set a date, as amendment 14 would allow. It would provide a fourth point that could be covered by a Speaker's certificate: whether or not a date was specified and what the date was. Amendment 15 would amend clause 2(6), so that the date could be specified.

Mr Dodds: I am following the hon. Gentleman's argument. I am a supporter of the Bill in principle, but having established the fixed-term principle in legislation, is not the danger of his amendments that, by resolution of the Commons proposed by the Prime Minister who rallies his troops, the principle would be effectively undermined by setting another date? So what would be the point of legislating in the first place?

Mark Durkan: I take the right hon. Gentleman's point, but let us remember that the Speaker can issue two types of certificate—under clause 2(2), which relates to confidence motions, and under clause 2(1), in respect of a resolution passed by two thirds of Members—and my amendments deal only with those circumstances. If we legislate for a resolution to be passed by two thirds of Members and for the Speaker to certify certain things about that, it would be a gross oversight not to provide for hon. Members, in so voting in such a Division, to specify a date if they wished to do so, rather than to leave that up to the Prime Minister.

I do not wish to go into the constitutional twilight zone that the hon. Member for Rhondda took us into about some of the wily vagaries of prorogation powers, but if we simply leave it to a Minister, even the Prime

[Mark Durkan]

Minister, to set a date and make no provision for the House to specify a date, we leave ourselves open to possible uncertainties and, indeed, abuses. I remind the right hon. Member for Belfast North (Mr Dodds) that we have served in an Assembly where a Secretary of State had certain powers and obligations for setting election dates. There have been court cases about whether or not the Secretary of State had duly exercised those powers and whether he had chosen not to see things and then said that he had exercised the power to set a date by simply setting the same date that had been suggested. People have used the different devices that the law allowed.

I am simply saying that if we charge the House with the possibility of setting a different election date for its own good reasons—I assume that they would need to be good reasons if the motion was supported by two thirds of Members—we should at least allow the House to specify the date as well if we are to hold to the spirit of the Prime Minister giving up powers.

Like other hon. Members, I have serious reservations about Speaker's certificates. My amendments would not suspend any of the qualifications that I and many other hon. Members have on that subject—the worries about the implications in terms of courts and so on—but the more that we charge the House with powers and controls in relation to the issue, the more content I would be with the Bill.

Dan Byles: I am grateful for the opportunity to contribute to this important discussion. The entire issue of fixed-term Parliaments, sadly, is in danger of becoming yet another political football to be kicked around the House, as Members seek to manufacture objections to reform, and to posture and grandstand. I fear that the new clause and amendments for the most part would not add to the Bill in any meaningful way. The issue is really very simple. I believe that the Bill will strengthen the power of the House over a key constitutional issue and diminish the Prime Minister's power.

Before coming to the detail of the new clause and amendments, let us remember exactly what this historic Bill is about. Previously, the Prime Minister had the power to ask for an early Dissolution of Parliament at any time. Historically, that extraordinary degree of power has been used solely to the political advantage of the party in power.

Mr Charles Walker: Does my hon. Friend not agree that we have had a fairly settled democracy for the past 350 years? So there are aspects of the system that he can recommend to the House as well.

Dan Byles: I am grateful to my hon. Friend for alluding to an argument that I have heard time and again, when people suggest, "If it isn't broke, don't fix it," but I shall come to the problems with the current situation in a moment. He also alludes to the interesting idea that we have a democratic system that works, so we should not amend or tinker with it. I have heard Opposition Members support that idea before. I have heard it suggested that, somehow, the Bill is undemocratic. With the greatest respect to my hon. Friends, I find that an extraordinary argument. That line of reasoning seems to suggest that the only truly democratic system is the one that has evolved in this country—the one that we currently use. Such reasoning suggests that it is not possible to amend our system without somehow making it less democratic, even though it concentrates power in the Prime Minister's hands. The Bill will devolve the power to call a general election to the House, which is surely where it belongs.

If one were to follow that line of reasoning to its absurd conclusion, it would suggest that other western nations are somehow less democratic than ours, simply because they have democratic systems different from the one that we enjoy. In the United States Congressmen and women serve a two-year fixed term. The President serves a four-year fixed term. Senators serve six-year fixed terms. Clearly, that does not make the United States less democratic than we are simply because its system is different from ours. In France Members of the National Assembly are elected for five-year terms – the period that the Bill recommends. The President is also elected for a five-year term. The Senate is selected for a six-year term.

Chris Bryant: I am sorry, but Members of the Assemblée Nationale are elected for terms of up to five years, not fixed terms.

Dan Byles: I am grateful to the hon. Gentleman for correcting me. That was not my understanding, but I will bow to his superior knowledge. The French model has an interesting lesson to teach us about leaving the power to dissolve Parliament with the Executive, as opposed to the system that we are now considering. The President of France has the power to force Dissolution early, but that is not supposed to be the norm; it is supposed to be used only in an emergency. It has been used only twice in an emergency, in 1962 and 1968, but it has been used three times for political advantage – in 1981, 1988 and 1997—thus clearly demonstrating that if we leave such a power in the hands of the Executive, it will inevitably be used for party political advantage.

Jacob Rees-Mogg: The Bill still seems to allow the Executive to do that, because they can force a vote of no confidence in themselves. Therefore, what we are achieving is simply changing the rules by which an early election can be called, not making any fundamental change to the constitution.

Dan Byles: I am grateful for my hon. Friend's typically pithy and interesting contribution. The point has been made by hon. Members on both sides of the House, and while my hon. Friend is technically correct, I find it hard to imagine that a Government who wished to call an early general election for their own political advantage would engineer a vote of no confidence that they would then lose on the Floor of the House, because that would be a disastrous start to a general election campaign.

7 pm

Kelvin Hopkins: When I first heard the suggestion, I thought that the electorate might consider that such a Government had behaved irresponsibly and therefore should not receive its support, but if the vote was a simple device for calling an early election that took only a few hours, the hon. Member for North East Somerset

(Jacob Rees-Mogg) has a point, in that the mechanism would just be another way of calling an early election, and the position would not be very different from where we are now.

Dan Byles: I will have to agree to disagree with hon. Members about this, but I do not think that a Government going into a general election would want to see headlines on the front pages of *The Sun* and other tabloids screaming, "Government falls after losing confidence vote in the House".

Mr Charles Walker: Surely any legislation could be avoided if Prime Ministers were to say at the start of their term whether they intended to run a five-year Parliament. If they backed out of that arrangement with the electorate after two and a half years, they would be judged accordingly, so why on earth do we need legislation?

Dan Byles: My hon. Friend makes a truly innovative suggestion.

Thomas Docherty: Will the hon. Gentleman give way?

Dan Byles: I shall be delighted to find out whether the hon. Gentleman can answer the point raised by my hon. Friend the Member for Broxbourne (Mr Walker).

Thomas Docherty: At the risk of rushing to the hon. Gentleman's rescue, I suspect that Labour Members tried that approach in the previous Parliament, and I do not recall it ending particularly well for the former Prime Minister.

Dan Byles: I am grateful to the hon. Gentleman for his clever and well-reasoned argument.

Ian Lucas (Wrexham) (Lab): Returning to the question of party political advantage, why does the hon. Gentleman think that the Government have chosen to specify a term of five years, rather than four, in the Bill?

Dan Byles: I am delighted that the hon. Gentleman raises that question, because I would like to address that issue, which is one of the "straw man" arguments that opponents of the Bill regularly cite. Some who oppose the Bill argue against the whole principle of fixed-term Parliaments, while others claim to support that principle, but tackle the issue of whether the term should be five years or four.

What should we make of the term set out in the Bill? I think that I am safe in saying that the term length is a key sticking point for Labour Members who accept the principle of fixed-term Parliaments yet still cannot bring themselves to support the Bill. Many of them hang their hat on the fact that five-year, rather than four-year, terms are proposed.

If we are to consider that point in detail, it is important that we understand where we are and how we came to be here. At present the maximum length of a Parliament is five years—let us make no bones about that—and I do not recall any recent cries of anguish from Labour Members that the historical five-year Parliament is wrong. Indeed, that maximum limit was established under the Parliament Act 1911, so Labour Members have had a long time to express their opposition to five-year Parliaments. The 1911 Act reduced the maximum length of a Parliament to five years from seven years by amending the Septennial Act 1715.

Jacob Rees-Mogg: May I remind my hon. Friend that the reduction from seven to five years took place because the House of Lords was no longer able to block legislation, and it was therefore thought right that things should be referred to the electorate within a reasonable time? In 1911 Members thought that that period was five years, and what they thought in 1911 is a jolly good thing to think in 2011.

Dan Byles: As ever, I am extremely grateful to my hon. Friend for his point. He and I believe that the wisdom of our forefathers should not be lightly dismissed.

Mr Walker: If my hon. Friend believes that the wisdom of our forefathers should not be easily dismissed, why is he supporting the Bill?

Dan Byles: I do not understand my hon. Friend's point at all. Our forefathers decided that five years was a reasonable maximum length for a Parliament.

Chris Bryant: But when our forefathers reached that view, they pointed out that although the maximum length of a Parliament would be five years, in practice the length would nearly always be four years.

Dan Byles: The hon. Gentleman has advanced that argument before, but I am aware that another interpretation is that if a Parliament lasts five years, only about four years' work gets done in practice, because Governments find it harder to get their business through in the final year as people are looking ahead to the next general election: in effect, the election campaign starts.

Damian Collins (Folkestone and Hythe) (Con): As the House knows, three of the past five Parliaments have run for five years, so it is not unreasonable to use five years as a guide.

Dan Byles: My hon. Friend makes a valid point.

The hon. Member for Rhondda (Chris Bryant) likes to cite a figure of 3.7 years as the average length of a Parliament since 1945—he does not need to jump up and do so again now—but we need to tackle that statistic head on, because it is quite disingenuous. The statistic includes the three occasions on which a Parliament lasted for less than two years. No one would suggest that Parliaments of less than two years should be the norm—they occur in unusual circumstances—so it is misleading to include them in statistics to show the average length of a Parliament since 1945.

Kelvin Hopkins: Is not the great advantage of our present system that if a Government do not get a particularly big majority—such as in 1964 and February 1974—the arrangements are sufficiently flexible to allow us to hold another general election fairly soon afterwards so that one party or another can get a reasonable majority?

Dan Byles: The hon. Gentleman makes an interesting argument, because he seems to suggest that any Government of the day should have such a strong majority that they

[Dan Byles]

can bash their legislation through. I believe that Labour Members referred to that arrangement as an elective dictatorship when they were on the wrong side of such figures in the 1980s. In this day and age, if a Government need to be a bit more consensual and cleverer about getting their business through the House, it is considered to be a good thing. Do we really want to say that whenever a Government do not have a huge thumping majority we should have another election?

Dr McCrea: Is the hon. Gentleman saying that the Bill was born out of real conviction, and has nothing to do with political convenience designed to enable the Government to keep going over five years while we get out of the economic mess that we are in?

Dan Byles: I genuinely do not believe that that is the reason.

My hon. Friend the Member for Folkestone and Hythe (Damian Collins) pointed out that three of the past five Parliaments lasted five years, and I was developing a point about the average length of post-1945 Parliaments. If the three failed Parliaments lasting less than two years are stripped out, the average length of a Parliament since 1945 has been more than four years. Since 1974 the lengths have been even greater, so there is a clear trend that Parliaments are lasting longer.

Thomas Docherty: I am fascinated by the hon. Gentleman's logic, but does he accept that, with the exception of the Parliament between 1987 and 1992, every Parliament since the 1950s that has lasted longer than four years has ended with the defeat of the governing party at a general election? Frankly, if the Prime Ministers in those Parliaments could have gone on longer they would have done, just to avoid the electorate.

Dan Byles: If the hon. Gentleman is arguing that Parliaments that last for five years are more likely to end with the defeat of the Government, he should be wholeheartedly embracing the coalition's plans to make this Parliament last for five years.

If there is something so constitutionally or democratically wrong with five-year Parliaments, why on earth did we have to endure the previous Government from 2005 until 2010? If five-year Parliaments are wrong in principle, as several Labour Members seem to suggest, why did not the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown)—I apologise if I have not pronounced the right hon. Gentleman's constituency correctly, but as I have heard him speak in the House so rarely, I am not sure how to pronounce it—do the entire country a favour and call an election in 2009? We then could have started clearing up the mess of the worst financial deficit that this country has faced since the second world war a year earlier.

John Hemming (Birmingham, Yardley) (LD): Obviously there is a debate about whether the figure should be four years or five—although nobody has proposed a fixed-term Parliament of 3.7 years. Does the hon. Gentleman agree that while there is not necessarily a massive difference between four years and five years, given the total and absolute mess that the country is in, having a term long enough to enable us to get out of that mess is a good idea?

Dan Byles: I entirely agree with my hon. Friend's comments. One problem sometimes cited in relation to a democratic system such as ours is the tendency for Governments to take the short-term approach to fixing problems. If five years became the norm, that would help to create slightly more stable government, because Governments could look to the longer term when considering some of the difficult decisions that they might have to make, and not always be worried that they were only a few years from a general election.

It seems that five-year Parliaments are not a problem for Labour Members when it is their party that is clinging to power in the dying days of a Government, as was the case in 2009 and 2010. True to form, their principles changed the moment they found themselves in opposition. Now, sadly, they stand as obstacles to reform.

May I conclude the point about whether the term should be four years or five, and move on with my speech?

Mr Charles Walker: Is my hon. Friend not concerned about the prorogation of Parliament? Will he address that matter when he has finished his opening remarks?

Dan Byles: I am grateful to my hon. Friend for his intervention. I am extremely concerned about that point, and very eager to get on to the part of my speech in which I shall address it. However, I want to conclude the point, which I was pulled on to by interventions, about whether the term should be fixed at four years or five. I turn again to the conclusions and recommendations in the report on the Bill produced by the Political and Constitutional Reform Committee, which has already been quoted today by Labour Members. Recommendation 5 clearly states:

"Precedent gives no clear answer as to whether Parliaments should last four years or five."

In recommendation 6 the report acknowledges the views expressed by some witnesses that four years might be better than five. Nevertheless, the recommendation clearly states that that

"is an important point, but not one that we would wish to see obstruct the passage of the Bill through the House."

That is important, and I hope that Labour Members will take note of it.

Before moving on to the subject of the amendments before the House, I would like briefly to—

Thomas Docherty: On a point of order, Mr Deputy Speaker. My understanding of the procedures of the House is that Members need to refer directly to the proposals on the amendment paper, not rehash or rehearse a debate that took place previously, and at some length.

Mr Deputy Speaker (Mr Lindsay Hoyle): First, it is for me to decide whether a Member is straying out of line. I would say to Mr Byles that he has to keep in order on new clause 4. He has drifted a little, but he keeps coming back to the matter of four years or five. I am sure that he has taken those remarks on board, and that we can continue.

Dan Byles: I am grateful to you, Mr Deputy Speaker. I have almost come to the end of my scene-setting remarks and will get into considerably more detail on

the amendments very shortly. Before I do, I want to refer to confidence votes and thresholds, which have already been mentioned this afternoon, including by Labour Members.

Although we are moving to a system of fixed-term Parliaments, it would clearly be unusual and wrong to put in place a system that did not allow for early elections, in one of two scenarios: if the confidence of the House could not be held by a party leader, or if there were an emergency of some sort, or another exceptional circumstance that required an early election in the national interest. I believe that the Bill as it stands, unamended—

7.15 pm

Mr Deputy Speaker: Order. The hon. Gentleman should be relating his remarks to new clause 4 and the amendments grouped with it. We do not need to drift back to other subjects; we have gone beyond them. I remind him that we need to stick to the subject in hand.

Dan Byles: I am grateful to you, Mr Deputy Speaker, and I apologise. *[Interruption.]*

Mr Deputy Speaker: Order. I say to those on the two Front Benches, can we please continue?

Dan Byles: Thank you very much, Mr Deputy Speaker.

I shall move on to new clause 4, which sets out new rules for the Prorogation—I have as much trouble as the hon. Member for Rhondda with that word—of Parliament. It would repeal the Prorogation Act 1867, which provides the power for Her Majesty to issue a proclamation for the Prorogation of Parliament. I think I got that right.

As the House is aware, Prorogation marks the end of a parliamentary Session and is the formal name given to the period between the end of one Session of Parliament and the state opening of Parliament, which begins the next Session. The parliamentary Session may also be prorogued before Parliament is dissolved and a general election called.

It is worth reminding ourselves that the term "prorogation" is derived from the Roman concept of prorogatio. In the constitution of ancient Rome, prorogatio was the extension of a commander's imperium beyond the one-year term of his magistracy. Prorogatio developed as a legal procedure in response to Roman expansionism and militarisation.

In the context of the Westminster system, Prorogation or Dissolution of Parliament on the final day of the Session originally, according to the House of Lords Library, comprised four principal elements. First, the Speaker made a speech mainly concerned with the Subsidy Bill, which he had brought up from the Commons. This was followed by a speech from the Lord Chancellor or Lord Keeper replying to the points made by the Speaker and expressing thanks for the Subsidy Bill. Royal Assent was then given to the Bills passed by both Houses. Finally, the Lord Chancellor, in obedience to the sovereign's instructions, either prorogued or dissolved Parliament. The sovereign was customarily present on those occasions, and from the 17th century onwards, usually made the speech before Prorogation or Dissolution.

Hon. Members will, I am sure, be fascinated to learn from the Library's excellent note that

"In the early nineteenth century the prorogation was still accompanied with considerable ceremony. Thus in 1815 the Prince Regent rode in the State Coach with a cavalry escort through St James's Park to the Palace of Westminster, and on his arrival was announced with a salute of cannon."

Mr Walker: A lot of Labour Members are muttering at the history lesson that my hon. Friend is giving us, but is he not demonstrating how important it is in this matter to set the scene in an historical context, bearing in mind the fact that we are overturning 350 years of constitutional precedent?

Dan Byles: I am extremely grateful to my hon. Friend for his intervention. That is exactly the point that I would have made.

The Bill is truly historic. That fact has been mentioned by numerous Members on both sides of the House, and to consider it in isolation—what it means to us now, rather than its place within the sweep of the history of our nation—would be wrong.

Chris Bryant: I agree that historical precedent is important, but I think the last time the monarch was involved directly in a speech made before Prorogation was 1851 or 1854, so we are going back some time. Since then there has been quite a transformation of the Prorogation system.

Dan Byles: I am grateful to the hon. Gentleman for his intervention.

Jacob Rees-Mogg: It may interest the House to know that in the 1830s King William IV was going to come in person to prorogue Parliament, because that would bring all business to a stop and the Government did not like the business that was going on. I believe that, in the end, that turned out not to be necessary.

Dan Byles: I am extremely grateful to my hon. Friend for his intervention. Again he demonstrates why it is so important to maintain a thorough understanding of history if we are to understand exactly what our position in this place is in the context—

Mr Walker: Is there not a danger that at times we in this place give the impression of having the clear thinking of the totally uninformed?

Dan Byles: It pains me wholeheartedly to agree with my hon. Friend that that is absolutely the case.

Chris Bryant: In 1831 the row about Dissolution and Prorogation, which was all about the proposed Great Reform Act, led to a phenomenal row in this House between the Conservatives and the Whig Government, precisely on the basis of whose decision it should be that Prorogation should proceed.

Dan Byles: I am extremely grateful to the hon. Gentleman for joining our discussion of the history pertaining to Prorogation. I am glad that he has recognised that understanding the history of how we have got to where we are today is relevant to the discussion at hand. However, as the House is clearly not in the mood to discuss history today, and as I am aware that time is pressing, I want to move on and make a final point about amendment 9 before bringing my remarks to a conclusion.

[Dan Byles]

Clause 3 states:

"Once Parliament dissolves, Her Majesty may issue the proclamation summoning the new Parliament which may...

(a) appoint the day for the first meeting of the new Parliament".

Amendment 9 would add:

"within 15 working days of the polling day".

The issue has already been discussed, but I am concerned that the amendment remains a little woolly. I question its purpose. What does a working day mean? Does that take into account religious holidays? There has already been a discussion about whether "working day" or "days" should be used. If that is an issue that the Opposition are concerned about, the term "working days" remains vague. Are bank holidays in other parts of the United Kingdom to be taken into account?

Is it not difficult to add "within 15 working days" in such specific terms, when "working days" could mean something entirely different in another part of the United Kingdom? In particular, why is Labour adamant about 15 working days? Is there any rationale or logic behind this number? Why not 14 days or 16 days? If we believe in evidence-based policy making in this place—*[Interruption.]* I detect some chuckling. Perhaps that is a dangerous thought. Evidence is not always welcome in this place. I have discovered that in previous debates. Perhaps when he sums up, the hon. Member for Rhondda will explain to us why 15 days is the magic number, not 14 or 16.

The House has indulged me enough. Time is pressing and there may be others who wish to speak. I thank the House for its attention.

Thomas Docherty: I shall keep my remarks brief as I understand that the Prime Minister might be rushing back to make a statement to the House about the commercialisation of Downing street following the revelations from the hon. Member for Grantham and Stamford (Nick Boles) earlier this evening. I understand that the Liberal Democrats have a large campaign debt to pay off from Oldham East and Saddleworth.

May I gently tease colleagues on the Government Benches about the importance of referring to the United Kingdom when speaking about our nation state? I am sure all colleagues are aware that we are not just England or Britain; we are the United Kingdom.

My hon. Friend the Member for Rhondda (Chris Bryant) helpfully referred to an earlier edition of "Erskine May" with reference to the shouting of the phrase "Shame!" from a sedentary position. It might help the House if I clarify that that applied up to the 19th edition of "Erskine May". Since then, I am advised, the term has been removed from "Erskine May" and is therefore, I imagine, legitimate.

Addressing new clause 4 and the associated amendments which, as "Erskine May" says, is the purpose of the debate, I shall tackle head-on the question whether the Opposition support the principle of a fixed-term Parliament. It is well known that we did not oppose Second Reading because we support the principle of a fixed-term Parliament. Our specific objections have been not just to the length—four or five years—but to some of the technical issues, which is why my hon. Friends the Members for Rhondda and for Foyle (Mark Durkan) and others have tabled a series of tidying-up amendments, as we would describe them, although I understand that not every hon. Member supports that principle.

Mr Charles Walker: As a matter of interest, how will the hon. Gentleman vote on Third Reading tonight?

Thomas Docherty: I do not like to leave the House in suspense, but on this one occasion hon. Members will have to wait and see how many of our amendments the Government are prepared to accept. Clearly, if the Minister accepts all the considered amendments that we have offered, we would be more than happy to give strong consideration to supporting Third Reading. I look forward to the Minister's reply shortly.

Kelvin Hopkins: My hon. Friend is being very generous to the Government. Even if they accepted the amendments, I would be inclined to vote against Third Reading.

Thomas Docherty: The Minister is a thoroughly reasonable individual and I am sure he will not hold that statement against the rest of Her Majesty's loyal Opposition when he considers accepting our amendments.

As has been outlined previously—it would be inappropriate for me to go into great detail—we do not support the principle of a five-year term, for one practical reason that has not been touched on before, which is that it would take us into a clash with the Scottish Parliament, the Welsh Assembly and the Northern Ireland elections that are scheduled for 2015.

As this is the first opportunity that the Minister has had to address the House on the matter since our Committee stage last year, I hope that he will be able to provide us with an update on the Government's plans for providing flexibility to the devolved Administrations to vary the dates of their elections. That is an extremely personal matter, as I shall explain. Perhaps he can tell the House what progress has been made in his consultation with the devolved Administrations on how any such alteration of the date of their elections would be achieved.

That is directly relevant to the issue under discussion because of the different number of days of Prorogation. As my hon. Friend the Member for Rhondda outlined, we have 25 days for the Scottish Parliament, the Northern Ireland Assembly, the National Assembly for Wales and local elections, and just 17 days for this place. Let me give a simple local example to show why new clause 4 and others are so important to the date.

The differing number of days will cause great confusion for parties and for the electorate in the 2015 election cycle. Part of my constituency is the Dunfermline East Scottish Parliament seat. We have an MSP called Helen Eadie. Under the current rules—we still do not have firm proposals from the Government to alter the date—some two and a half weeks from polling day it would be legitimate for the Labour party, for example, to send out leaflets saying, "Vote Helen Eadie for your Member of the Scottish Parliament and vote Thomas Docherty for Member of Parliament." That is an unsatisfactory situation, and it is the reason why my hon. Friend and I are hoping to persuade the Minister tonight that he should change the length of Prorogation to 25 days to give us consistency across the whole of the United Kingdom.

There is also the question of how campaign finance will work. Members are painfully aware of the importance of ensuring that money is correctly apportioned to the long campaign, as it is commonly known, as opposed to the short campaign. Joint elections could give rise to difficult legal and technical disputes, as we saw in the case of the Under-Secretary of State for Scotland, the right hon. Member for Dumfriesshire, Clydesdale and Tweeddale (David Mundell), if sums of money are inadvertently misallocated. We therefore hope that the Government will accept our reasonable amendment.

Stephen Williams (Bristol West) (LD): Does the hon. Gentleman accept that such anomalies already exist and have existed for a long time? In England it is common for local government elections to be held on the same day as a parliamentary election. In Bristol those local government elections follow an entirely different timetable from the parliamentary election.

Thomas Docherty: The hon. Gentleman makes a perfectly sensible point, although I always caution hon. Members not to equate local elections in England with elections to the devolved Administrations. There is a substantive difference in the amount of spend that is allowed, and the Scottish, Welsh and Northern Ireland devolved elections use the same formulas for election spend. Perhaps it was an oversight of previous Governments not to address the valid point that the hon. Gentleman makes. As my right hon. Friend the Member for Doncaster North (Edward Miliband) has said, we are prepared to admit that we did not achieve all the legislation that we would like to have achieved, although if we were to ask the electorate what was the most important thing that we could have achieved, fixing that would not necessarily have been the top priority.

Reference has been made to the issue of Prime Ministers handing over power to their party or other parties. I think that the hon. Member for Grantham and Stamford misunderstood the difference between the House being adjourned and the House being prorogued. As you know, Mr Deputy Speaker, if the House is adjourned, existing legislation is not lost. If it prorogues, however, all legislation except public Bills falls and the legislative process must start again. That is why it is important that when the Parliamentary Resources Unit produces its next brief for Conservative Members it should spend some time getting those details correct.

7.30 pm

The hon. Member for Grantham and Stamford, and several other Government Members, asked for examples of when Prime Ministers have succeeded leaders of their own party in that office. Obviously, Prime Ministers from both main parties have succeeded without general elections and without the need for the House to prorogue. That happened in 1957, 1963, 1976, 1990 and, of course, 2007.

Mr Walker: Does the hon. Gentleman not think that that is a perfectly healthy thing to happen? We do not elect Prime Ministers here; we elect parties and the Prime Minister is simply a Member of Parliament who comes from the victorious party or the coalition.

Thomas Docherty: The hon. Gentleman makes a completely sensible point that goes to the heart of some of our arguments tonight. I will give a specific example, because there has been some discussion of the fact that none of those cases was the direct result of a no-confidence vote. I remind the House that in 1940 the Government of the then Prime Minister, Neville Chamberlain, fell on what is largely accepted to have effectively been a vote of no confidence. It was a no-confidence vote by any other name. As the Parliamentary Secretary and the Deputy Leader of the House have accepted, under their proposals there could be a no-confidence motion that is not officially stamped as such. As you will know, Mr Deputy Speaker, in 1940 the House did not prorogue. There was simply a change of Administration, and a short time later a coalition Government were formed involving all three parties. In the immediate aftermath of the fall of the Chamberlain Government, there was no coalition, and nor was the House prorogued.

Damian Collins: The hon. Gentleman is referring to the vote that followed the Norway debate, which the then Government won. However, they chose to change their leadership anyway as a result of the pressure of the vote. If circumstances were repeated and that was considered to be a confidence motion, it would not lead to the fall of the Government unless they chose to go.

Thomas Docherty: The hon. Gentleman highlights a crucial element, and as my hon. Friend the Member for Foyle mentioned earlier—the hon. Gentleman will correct me if I am wrong—that was an Adjournment debate and was not even a formal resolution. That shows exactly the problem with the Bill as it is worded. It accepts the principle that there is no requirement for a formal vote of no confidence, but it does not accept those nuances that are part of the argument that, even if a Government win but do not meet a threshold that they have set beforehand, they have in effect fallen.

I can think of another example from our devolved Administrations. It was clear in 2001 that the then First Minister of Scotland, Henry McLeish, had lost the confidence of the Scottish Parliament and of his party. On the morning of the no-confidence debate he resigned as First Minister. That did not lead to the proroguing of the Scottish Parliament. It was an unprecedented event in the short history of the Scottish Parliament, but it survived. I hope that the Minister will, even at this late stage, take on board the fact that, as far as Oppositions ever are, we are seeking to be helpful to the Government, and certainly to the House, by providing some technical amendments to tidy up the Bill.

The hon. Member for North Warwickshire (Dan Byles) referred to France and the United States. I was not aware that he was such a Francophile, but perhaps that is the result of the new coalition spirit. My understanding—I am happy to be corrected—is that the French President has the power to dismiss the Prime Minister summarily, but I suspect that the hon. Gentleman is not advocating that we adopt the same position in this country.

As the Minister knows, I am something of a bore on the subject of the United States' constitution. When the founding fathers of the United States were considering the peculiarities of their arrangements in the constitutional convention, one thing they desperately tried to avoid was over-lengthy terms of office. That is why they have elections every two years in their states. Votes for Congress, the Senate and the Presidency are staggered. Although I accept that the hon. Member for North Warwickshire is trying gallantly to defend the Minister's position, I fear that it is not a straightforward example to apply in this

[Thomas Docherty]

case. I have spoken in favour of the amendments, but I am conscious that the Prime Minister will be rushing to the House and that the Minister wishes to reply, so I will end my comments.

Mr Heath: I do not think that the House has had as elegant and extensive a debate on Prorogation since the legislation was passed in 1867. I am grateful to the hon. Member for Rhondda (Chris Bryant) for opening the debate and to the hon. Members for Grantham and Stamford (Nick Boles), for Foyle (Mark Durkan), for North Warwickshire (Dan Byles) and for Dunfermline and West Fife (Thomas Docherty) for their contributions. I must say, however, that the hon. Member for Dunfermline and West Fife blotted his escutcheon as a political anorak by being four editions of "Erskine May" off the pace. To quote the 19th edition when we are now up to the 23rd is really beyond the pale.

Thomas Docherty: For the benefit of the Deputy Leader of the House and of the *Official Report*, my point was that my hon. Friend the Member for Rhondda (Chris Bryant) referred to the fact that up until the 19th edition of "Erskine May" the word "shame" was not allowed. My point was that we have moved on, and I have the 23rd edition in my hand.

Mr Heath: I am most grateful to the hon. Gentleman for restoring my faith in his credentials, although he has destroyed those of the hon. Member for Rhondda.

The hon. Member for Grantham and Stamford put his finger on what was wrong with the debate once we had prised him from his views on reasonably priced white wine, because he made the point, which I think was backed up by the hon. Member for Foyle, who mentioned an Urquhart-like Prime Minister, that many of the rather apocalyptic views of what an evil denizen of No. 10 might do seem to be founded on fancy, rather than on experience or expectation. We have been asked repeatedly to assume that every convention that applies has applied and will apply, whether the Bill becomes law, as I hope it will, or not. All those conventions would be summarily set aside.

It has been suggested that there would be confidence motions that no Member of the House, not even Mr Speaker, would recognise as confidence motions. It has been suggested that Prime Ministers who lose a vote of confidence might refuse to resign and remain in office despite the fact that they had lost the vote, or that if once they resign they might somehow give posthumous advice from beyond the political grave to Her Majesty to prorogue and therefore frustrate the intentions of the House and of the legislation. It is then suggested that Her Majesty, in a way that has never been the experience of any Member of this House or our predecessors, would be so forgetful of her constitutional duty that she would not ask another leader capable of commanding the confidence of the House to form a Government and end any temporary Prorogation.

I believe that those are fanciful concerns. I accept that they are theoretically possible, but I ask the House to consider whether any of those things have happened. Almost all of them are included in the conventions that cover our political system and our current constitutional arrangements and will persist after the passage of the Bill. I am indebted to the House of Lords Constitution Committee, which someone casually looking at our debate might imagine had been critical of the provisions in this part of the Bill, but far from it. It examined the matter in some detail, and the witnesses were unanimous in their view. Paragraph 147 states:

> "Professor Bradley agreed that such a possibility, while theoretically possible, 'would be very unsatisfactory and British politics would have sunk to a new low.'"

Professor Bogdanor was mentioned earlier, and the confidences of the tutorials between him and my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) might or might not have been breached, but he suggested that the situation could reasonably

> "be left to the discretion of a 'wise constitutional monarch'",

which is indeed what we have,

> "who would not prorogue at the request of a Prime Minister who no longer had the confidence of the House."

The Committee, having heard the evidence rather than the conjecture, concluded:

> "We agree that the risk of abuse of the power of prorogation is very small. We therefore conclude that Her Majesty's power to prorogue Parliament should remain."

So, there was very clear advice from the noble members of that Lords Committee, and I am sure that it will colour their consideration of the matter.

We have heard from lots of people who profess to know what happened in Canada, but, just in case there are lingering concerns about the extraordinary situation of the Prorogation that apparently saved the Canadian Government, I note that the Lords Committee took evidence from an academic who probably knows a little more than any of us in this House about the Canadian political system, Professor Henry Milner, from l'université de Montréal, stated in his evidence:

> "The Canadian case was unique because prorogation saved the government, which it normally should not. ... [The] circumstances [were] so unusual that you could not imagine them. I would have to give you each of the steps in the Canadian case, all of which were unlikely and all of which fitted together. Frankly, I would not worry about it."

That is probably a safe conclusion for this House.

On the proposed changes before us, I shall deal, first, with new clause 4, tabled by the hon. Member for Rhondda, and the consequential amendments 2, 3 and 4, which would give the House a new and exclusive power to prorogue Parliament. Most contributors to the debate were clear about this, but we need to make a clear distinction between Dissolution and Prorogation, because they are very different things, and the Government believe it important that the Bill provides the House with the power to decide when there should be a Dissolution of Parliament.

It is legitimate to give the House control over early Dissolution, because that will take place only in circumstances where the Government of the day have lost the confidence of the House and can therefore no longer lead the country effectively, or where a two-thirds majority of elected MPs has passed a motion calling for an early election. Those are matters directly concerned with the choice of Government and the election of Members, and it is right that this elected House should have primacy.

Prorogation, however, is a different matter. Hon. Members will know that it is a mechanism to bring to an end a Session of Parliament. It determines, subject to the carry-over procedure, when Bills must have completed their passage through both Houses so that they become law. That relates to the point that several hon. Members made, whereby, if we prorogue while Bills are still in process, they are lost. Sometimes, an incoming Government will wish that; sometimes, they will not, particularly if they are of a similar political complexion to the previous Administration.

The hon. Gentleman's new clause places no obligation to consult or agree with the other place on the timing or length of Prorogation, even though it affects that House equally. The new clause would therefore give this House a controlling hand over the conduct of business in the other place by providing us with the power to dictate when the other House must have completed its business. That would be a significant departure from the current situation in the wash-up, and some might view it as an unwelcome extension of this House's powers.

As I said in earlier debates, through this Bill the Government seek to make only those changes to the constitution necessary to facilitate the principle of fixed-term Parliaments. The proposed new clause seems to fall wide of that intention.

7.45 pm

I have to draw attention to a few technical deficiencies. I am always slightly loth to do so, as Members often wish to raise and debate a principle and the drafting falls short of their intention, but we need to examine the matter, because we are on Report. First, there is some ambiguity about where the actual power of Prorogation would lie.

Proposed new subsection (3) states:

"The Speaker of the House of Commons shall not make such a declaration unless the House of Commons has passed a resolution directing him to do so on or before a specific date and time."

So, the House would clearly direct the Speaker. In proposed new subsection (4), however, the Speaker may vary the period of Prorogation by an unlimited number of days, apparently without a direction from the House.

There is no mechanism to specify how the Speaker might make such a declaration when the House is not sitting on account of its having been prorogued. That is particularly important, given that the new clause states that the Speaker may vary the date of Prorogation "to an earlier…day," presumably to provide for the option of recalling Parliament when it is prorogued. We can only assume, however, that the new clause intends the Speaker to have the power to decide unilaterally when Parliament may return from a period of Prorogation, and, if it is intended that the Speaker should do so on advice, the new clause does not make it clear on whose advice that would be. If the intention is that the House must direct the Speaker when varying the period of Prorogation, the proposed system will not allow that to happen, and that seems to be inconsistent with the desire to place the power relating to Prorogation with a decision of the House itself.

Further, it is not clear whether proposed new subsection (3) is intended to replace or supplement the existing Prorogation announcement that is made to both Houses and read in the other place with this House in attendance. I accept that that is not an insuperable barrier to the new clause, and we have heard differing views on the value of the Prorogation ceremony: the hon. Member for Rhondda rather likes it; the hon. Member for Foyle feels that bicorn hats are not his style. Nevertheless, that is part of our constitutional settlement and part of the procedures of the House, and a lot of people quite like to wander down the corridor to hear the Prorogation ceremony and, as the hon. Member for Rhondda says from a sedentary position, a little Norman French—which we hear so little of nowadays.

On the basis of those arguments, the Government are not able to support new clause 4 and its consequential amendments.

Thomas Docherty: I have listened attentively to the Minister's remarks. Notwithstanding his reluctance to support our reasoned amendment, will he outline where he has got to, therefore, in discussions with the devolved Administrations about how the elections will work, and outline when we will see proposed legislation? Clearly, there is a significant knock-on effect for devolved elections.

Mr Heath: I would do so, but that would impinge on the following group of amendments, and the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Forest of Dean (Mr Harper), will be able to respond to that point during the debate about them. It would be unwise for me to leap ahead, so, although I am grateful for the hon. Gentleman's point, I hope that he accepts my response.

I shall address other issues that have been raised in relation to the Prime Minister's existing power to prorogue Parliament, because, as I stressed at the beginning of my response and stress again, many of the arguments are based on the theoretical mischief that, somehow, a Prime Minister might prorogue Parliament for his or her own purposes, without accepting the fact that they can do so equally today. They can do so, as I said in my intervention on the hon. Member for Rhondda, to prevent a vote of confidence that they feel likely to lose. So, with the Bill we are not strengthening the hand of the Prime Minister; far from it. We are taking away one critical element, but Prorogation will remain exactly as it is.

The conventions of this House are sufficiently strong. For instance, there is no obligation in law for the business managers to find time to debate an Opposition motion of no confidence, but the strong convention is that time will always be found for that purpose, because it is a convention that has worked well over the years. I do not believe that there is any reason why it should not work well in the future. I cannot accept that the artificial process that has been described is a real danger.

Let us consider the circumstances. There are two basic scenarios during the 14-day period in the Bill. In the first, political factors mean that a no-confidence motion passes, and there is no obvious alternative Government, so the Prime Minister who has lost the confidence of the House remains in place to fight the election. There would be no need, or indeed point, for the Prime Minister to prorogue the House. The alternative is that the Prime Minister resigns after the no-confidence motion and Her Majesty appoints a new Prime Minister. Even if the new Prime Minister took office and found the House prorogued, he or she would, under the current

[Mr Heath]

arrangements, ask the Queen to recall Parliament. Although I acknowledge the principle behind new clause 4 and amendments 2, 3 and 4, I hope that I have demonstrated that it would be unwise and unnecessary to make them.

On amendment 9, clause 3(4) specifically preserves Her Majesty's power to set the first day for the meeting of a new Parliament by royal proclamation. As it stands, the date of the first meeting of a new Parliament is set by proclamation and is usually agreed with the House authorities and the palace. The date is conventionally set out in the proclamation that dissolves the old Parliament. The Bill retains as much as possible of that approach by providing for the Queen to issue the proclamation summoning the new Parliament once the old Parliament has dissolved, rather than after the new Parliament has been elected. Following the last election, a date was chosen that allowed sufficient time for the large number of new Members to be inducted. It is important that such flexibility is preserved.

The purpose of amendment 9 appears to be to require Her Majesty to set a date for the first meeting of a Parliament that is within 15 working days of the general election. Again, I have a quibble over drafting, because it is not entirely clear whether the intention behind the amendment is that Her Majesty should issue the proclamation within 15 working days, or whether the first meeting of Parliament should take place within 15 working days. The hon. Member for Rhondda made it clear that his intention was the latter, but that is not clear in the drafting of the amendment. Our primary purpose in the Bill has been to establish fixed terms and set out the procedures for initiating an early election. We have made only the necessary consequential changes to the Queen's powers. I therefore ask the hon. Gentleman not to press amendment 9.

Amendments 14 and 15, which were tabled by the hon. Member for Foyle, suggest that if the House votes for an early Dissolution under clause 2, it should be able to choose the date of the ensuing general election. The Bill provides that if there is to be an early general election, the date will be set by Her Majesty the Queen in a royal proclamation on the advice of the Prime Minister. That is to ensure that an appropriate date can be found, for instance so that the poll can be held on a Thursday, as has become standard practice.

Although amendment 14 provides that the date of an early general election would be set out in the Speaker's certificate, that would be the case only if the House of Commons had specified such a date in the Dissolution motion. That is a genuine concern with the amendment because a two-thirds majority is required to agree that there should be an early Dissolution. Under the amendment, two thirds of the House would also have to agree to the date of the election. It is quite possible that Members would agree to the one proposition and not the other. Alternative dates and amendments could therefore be tabled. That would muddy the water of what should be a clear-cut process. That is a concern about the operation of the Bill, if it is enacted, which perhaps the hon. Gentleman has not considered.

Mark Durkan: Amendment 14 would make it optional, not obligatory, that a date be specified. If the House votes a year or more in advance of the election, why should the date not be fixed then, rather than it being left up to the Prime Minister? Under the Bill, the House, by a two-thirds majority, would be handing a power back to the Prime Minister that the Prime Minister says he wants to give up.

Mr Heath: I do not dismiss the hon. Gentleman's arguments. I understand what he is saying. However, in purely practical terms, it is difficult for the House to receive advice from any quarter on what would be an appropriate date. The House as a whole would find it difficult to take the sort of advice that the Prime Minister, as an individual, could easily assemble. In the politically charged atmosphere of a vote of no confidence, it is hard to understand—*[Interruption.]* Sorry, not a vote of no confidence. I could see what the hon. Member for Foyle was thinking. In the consideration of an early election, it would be even more difficult to set.

There are always technical issues in establishing the most appropriate date for a general election, and the considerations of all parts of the United Kingdom must be taken into account. I know that the hon. Gentleman has had mixed experiences, but he knows that it is the experience of the devolved Administrations that it is useful in the circumstances that have been suggested for an individual to have this responsibility. Giving it to the House as a whole would be technically difficult, without a significant advance in the arrangements being achieved.

I move on to amendment 8, which the hon. Member for Rhondda said "makes things tidy", in the words of his valet. I am sure that it would, and I have some sympathy with his argument. The amendment would lengthen the election timetable by requiring Parliament to dissolve 25 working days before polling day, rather than 17. The Government recognise that remaking the election timetable is a complex matter that we should consider. However, it cannot be done simply by edict and without the background work.

The Electoral Commission supports the idea, as the hon. Gentleman knows. He did not make a great deal of that in his speech, but I know that he knows the background material. The commission has suggested that an extension to the electoral timetable would support participation by overseas and service voters, and better support the effective administration of elections. We agree that it is an important issue, and the Deputy Prime Minister has indicated to the commission that there is merit in exploring a change to the timetable. However, as the commission has pointed out, it would require a thorough review to ensure that any change is consistent with the arrangements for elections across the piece.

A host of practical issues and consequential complexities must be considered. We will have to form a balanced judgment on where particular milestones would best fall within an extended election timetable. For example, there might be competing views about the deadline for nominations, and we would have to work to find the most effective compromise. Another crucial milestone is the deadline for registering to vote, which, although not part of the timetable structure, is inextricable from it. That illustrates that such changes to the timetable cannot be made in isolation. As part of the process, we would need to consider the current deadlines for postal and proxy vote applications. Additionally, different elections

across the UK run to different timetables and moving to 25 days in Westminster would not, of itself, generate consistency.

As I have said, the Government agree that this is an important issue and we will set out our proposals on the timetable in due course. We have held initial discussions with the Electoral Commission and the Association of Electoral Administrators to identify points to address. It should be noted that the Bill already greatly enhances the ability of administrators and candidates to plan ahead, because we will know when general elections will happen, usually at least five years in advance. The various people involved in running elections will be able to factor that into their thinking and organisation. Even if the provisions for an early election were engaged, the Bill sets out clearly the steps from the Dissolution motion or no-confidence motion to the Dissolution of Parliament, and those steps will be conducted in the public eye. There will be no more snap elections, and I believe that electoral administrators and candidates can be glad about that.

The final reason for asking the hon. Member for Rhondda not to pursue amendment 8, despite its merit and the fact that the issue needs to be considered, is that the Bill is not the right place to amend the election timetable. The Bill is about fixing the date of the poll, not wholesale electoral reform, as we have said repeatedly. Governments are constantly urged by everyone to have focused legislation that deals with specific objects. This is just such a piece of focused legislation and I do not want to cloud the simple but constitutionally significant issue of fixing parliamentary terms with other electoral issues.

Having said that, I hope that the hon. Gentleman and other hon. Members who have tabled amendments will not press them to a vote, so that we can continue with the debate on the final group of amendments.

Chris Bryant: I note that the Prime Minister's drinks party has clearly ended, because the whole Conservative party has gathered in the Chamber. We heard earlier that the Prime Minister had been serving reasonably priced drinks, so I hope that all hon. Members paid for them.

8 pm

The hon. Member for Grantham and Stamford (Nick Boles) accused me of being far too tidy. Nobody has ever accused me of that before. He thinks that trying to tidy up legislation is a socialist endeavour, but surely that is what we do. The constant process that we are engaged in—the constant iteration of legislation—means looking at the common law and regularly updating it in statute. For instance, I do not know whether he knows what a brothel is, but—*[Interruption.]* I see from his face that he does. In common law, the definition of a brothel is a place frequented by men to perform lewd homosexual practices, including dancing, so sometimes it is necessary to correct the common law. Some of what we are doing in this Bill is putting convention and common law into statute. The danger is that we will end up with a series of unintended consequences, and that is what I want to tidy up.

The hon. Gentleman said that he wanted much less electioneering and campaigning, which is why he wanted shorter election campaigns—in a lighter moment he said that he wanted an eight or 12-day election campaign. I would just say to him again that there would be great advantages in having a 25-day election campaign. It would mirror what happens in the Scottish Parliament, Welsh Assembly and local elections, and would allow service voters, who regularly try to vote, but whose votes do not arrive in the post in time, to have their votes counted. I very much hope that we will be able to move forward on that.

I welcome what the Deputy Leader of the House said about the measure just now, although I have never heard a Minister say at the Dispatch Box about an amendment, "This is the right Bill to do it in"—it is always another place where it should be done. However, I am afraid that we are going to hold his feet to the fire on this occasion.

The hon. Member for North Warwickshire (Dan Byles), who holds the record in the "Guinness World Records" for rowing across the Atlantic, took us through a fair amount of British history. He effectively argued for longer and longer Parliaments. What I would say to him—and to all Government Members—is that the provisions in the Bill will mean that this Parliament is the longest Parliament in the world, as was confirmed by the Parliamentary Secretary, Cabinet Office, the hon. Member for Forest of Dean (Mr Harper) this evening. The fixed term of five years, plus the additional provision of another two months, will make it the longest in the world. There will be fewer elections because of what this Bill will do. The hon. Member for Birmingham, Yardley (John Hemming), who is not in his place, said that the current special circumstances made that all the more important. That is the charge that every dictator has always advanced: that one should fix the constitution to meet the special circumstances of the day.

The hon. Member for North Warwickshire asked why we had specified 15 working days, and also asked what the definition of a working day was. If he had actually read the Bill, he would see that clause 3(5) says:

> "In this section 'working day' means any day other than
>
> (a) a Saturday or Sunday;
>
> (b) a Christmas Eve, Christmas Day or Good Friday;
>
> (c) a day which is a bank holiday under the Banking and Financial Dealings Act 1971 in any part of the United Kingdom".

At his next outing in the Chamber, I look forward to his reading the Bill before he takes part in the debate.

The Deputy Leader of the House—these will be my concluding remarks—said that we had created a demon in people's eyes, with this image of an evil denizen living at No. 10. Some of us are not all that impressed by the present denizen of No. 10. However, when we start putting into statute some of the elements of the conventions that have applied in this House across the centuries, there is a danger that people will use their powers inappropriately. I believe that the right to sit and the right not to sit should be determined not by the Crown, the Prime Minister or the Government of the day, but by this House. I therefore urge hon. Members to support our new clause, which has been tabled by my right hon. Friend the Leader of the Opposition.

Question put, That the clause be read a Second time.

The House divided: Ayes 229, Noes 325.

Division No. 172] **[8.4 pm**

AYES

Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Dr Stella
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, Dr Alasdair
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Mr David Anderson and Lilian Greenwood

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Andrew, Stuart
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette

Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cairns, Alun
Campbell, Mr Gregory
Campbell, rh Sir Menzies
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Duncan, rh Mr Alan
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McCrea, Dr William
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, David
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wilson, Sammy
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon

Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
James Duddridge and
Stephen Crabb

Question accordingly negatived.

New Clause 5

EXPIRY AND REVIVAL OF SECTION 2

'(1) Section 2 expires when the Parliament summoned to meet in May 2010 dissolves.

(2) In the course of the first month of the day of first meeting of any Parliament after the expiry of section 2 as a result of subsection (1) above, the Minister may by order bring the section back into force for the remainder of that Parliament.

(3) An order made under subsection (2) above is to be made by statutory instrument and shall not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.

(4) If no order has been made under subsection (2) above, an early parliamentary general election is to take place only if the House has passed a motion that there should be an early parliamentary general election.

(5) The polling day for an early parliamentary general election under subsection (4) above is to be the day appointed by Her Majesty by proclamation on the recommendation of the Prime Minister.

(6) If a polling day is appointed under subsection (5) above, the reference in section 1(4) to the polling day for a parliamentary general election appointed under section 2(6) shall be construed as if referring to a day appointed under subsection (5) above.'.—*(Mr Cash.)*

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The House divided: Ayes 233, Noes 321.

Division No. 173] **[8.19 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bone, Mr Peter
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Cairns, David
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Chope, Mr Christopher
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Dr Stella
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hollobone, Mr Philip
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jenkin, Mr Bernard
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Rees-Mogg, Jacob
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sheerman, Mr Barry
Shepherd, Mr Richard
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew

Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Turner, Mr Andrew
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Mr William Cash and
Mr David Nuttall

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Andrew, Stuart
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clappison, Mr James
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davis, rh Mr David
de Bois Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Duddridge, James
Duncan, rh Mr Alan
Dunne, Mr Philip
Edwards, Jonathan
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hollingbery, George
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Hosie, Stewart
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Llwyd, Mr Elfyn
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
MacNeil, Mr Angus Brendan
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew

Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Iain
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Weir, Mr Mike
Wharton, James
Wheeler, Heather
White, Chris
Whiteford, Dr Eilidh
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Hywel
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wishart, Pete
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Norman Lamb and Stephen Crabb

Question accordingly negatived.

Clause 1

POLLING DAYS FOR PARLIAMENTARY GENERAL ELECTIONS

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): I beg to move amendment 1, page 1, line 5, at end insert

'save as provided for by subsection (2A) below.

(2A) If a day before 7 May 2015 has been appointed under section 2(6) as the polling day for an early parliamentary general election, the polling day for the subsequent parliamentary general election shall not be 7 May 2015, but shall instead be set by reference to subsections (3) and (4) below.'.

Madam Deputy Speaker (Dawn Primarolo): With this it will be convenient to discuss the following:

Amendment 10, page 1, line 8, at end insert

', no notice being taken of any early parliamentary general election as provided for in section 2.'.

Amendment 11, page 1, line 9, leave out subsection (4).

Simon Hart: Amendment 1 was tabled by the hon. Member for Nottingham North (Mr Allen), the Chairman of the Political and Constitutional Reform Committee, who apologises for not being here in person.

I hope not to detain the House for too long. Amendment 1 is a probing amendment, which the Political and Constitutional Reform Committee agreed should be tabled to ensure that the Bill was technically sound. Clause 1(3) and (4) provide for the clock to be reset if an early general election is called, and for the date of the next scheduled general election to be shifted to four to five years after that early election. Those provisions, however, do not seem to apply to the next general election, which is scheduled to take place on 7 May 2015. The Bill seems to require an election to be held on 7 May 2015 even if an early election has been held before that date, perhaps only a few months before—although I suppose that depends on how it is interpreted. The Government have made clear their policy that the clock should be reset each time there is an early general election, and I do not suppose that they mean to make an exception for 2015.

I appreciate that the Government have already announced that the next general election will be held on 7 May 2015 and not before. Can the Minister reassure us that, in the unlikely event of an early general election during the current Parliament, the Bill as it stands would not require a further election to be held on 7 May 2015? If he cannot give that reassurance, is he prepared to accept the amendment? That would make it crystal clear that if an early election took place before May 2015, the date of the next election would be four to five years later, not in May 2015.

Chris Bryant: It is a great delight to see the hon. Member for Carmarthen West and South Pembrokeshire (Simon Hart). It is always odd when constituencies contain bits of the west and bits of the south and bits of the north, all aligned with each other. May I just notify the hon. Gentleman that I shall be in his constituency on Friday evening? Now I have got that out of the way. He will be glad to know that I shall be addressing a Labour party meeting—although I am sure he will be welcome to come along if he wishes.

As for the hon. Gentleman's argument about amendment 1, I entirely agree with him that the drafting of the Bill is deficient in this regard. The Political and Constitutional Reform Committee has done a remarkable piece of work in the short time it was given to do its work, and I am glad it has been able to come up with this amendment. I had worried that there was not going to be a Committee member to move it, because neither of the two Committee members whose names are attached to it is present this evening, which is a shame.

I also want to speak to amendments 10 and 11 in the name of my right hon. Friend the Leader of the Opposition, the shadow Lord Chancellor my right hon. Friend the Member for Tooting (Sadiq Khan), and myself. Amendment 10 would amend clause 1 by adding that "no notice" should be

"taken of any early parliamentary general election as provided for in section 2."

That is basically to say that, notwithstanding that there might have been an early general election, the next general election will be on the date that had already been specified.

Ignoring for a moment the fact that one of our primary objections to the Bill is that it refers to five-year Parliaments rather than four-year Parliaments, which we would prefer, we none the less subscribe to the belief

that it is good for parliamentary democracy to have an expectation about when the next general election will be, and for Parliaments to be for fixed terms, especially because our broader electoral system is now analogous to that of the United States of America in that we have local elections on a four-year cycle, Assembly elections in Wales and Northern Ireland on a four-year cycle and the parliamentary elections in Scotland on a four-year cycle. We know the dates when they will take place in perpetuity into the future, so it makes sense to have the same pattern and rhythm in elections to this House. That is why we have advanced this amendment, which, in essence, would mean that we would not start the clock again. Consequently, we would know whether elections were going to coincide with certain local elections or elections for the devolved Administrations. That is a better model than the slightly haphazard manner in which we may proceed if the Bill proceeds unamended in this respect.

There is one other advantage. The Government have written to the devolved Administrations about the fact that the next general election would coincide with their elections in 2015 unless the Prime Minister brings our general election forward by two months or delays it by two months, and the Minister has written asking them whether they think it would be better to have a new power added giving them the right to delay their elections in Scotland, Wales and Northern Ireland by six months. I have spoken to various Members of the Welsh Assembly, including the First Minister, and he is clear that it would be wrong suddenly to change the date of the Welsh Assembly elections because Parliament had decided that its elections were to be at a certain point in 2015, thereby either prolonging the next Welsh Assembly by six months or shortening the one thereafter by six months. Moreover, if we are deciding that the best time of the year to have elections is the first Thursday in May, it would seem wrong suddenly to decide that everyone else should have to get out of the way and have their elections in November. Also, just shunting the devolved Administrations' elections away by a month or two months is likely to harm those elections substantially, because I do not think that voters want to come out very regularly, within a month or two of another general election.

Naomi Long (Belfast East) (Alliance): It is not just that it is a burden on the electorate to ask them to come out and vote twice in a short period. One of our concerns about the local government and Assembly elections that will be taking place in Northern Ireland—as well as the referendum—is that the campaigns will become blurred and people will focus less on some of them and more on others.

Chris Bryant: I think that is absolutely right, and I fear that the likely outcome of that is that most people will end up voting purely and simply according to party, rather than according to the candidate, which would be a damaging direction of travel for British democracy. We would prefer deliberately to avoid a coincidence of the Scottish Parliament elections with the general election, and we think that the best way of doing so is by having a four-year fixed-term for this Parliament and by not restarting the clock. We would thus not have constant uncertainty about the year of the general election.

Dr McCrea: Is the hon. Gentleman aware that the Electoral Commission has written to the Deputy Prime Minister on this issue, and the right of the devolved Administrations to lengthen the period by six months? It letter states:

"the Commission believes that there remains a clear need for…research to be carried out"—

forthwith—

"to ensure there is a robust evidence base to inform decisions about the timing of elections in 2015."

Chris Bryant: Yes, I am aware of that and I completely agree with the thrust of what the hon. Gentleman is saying. The Government cannot just pull at individual strings of the constitutional settlement, because we will just end up unravelling the whole jumper: that is the law of unintended consequences, which we are in danger of having thrust upon us.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): I agree with the hon. Gentleman that four years seems to be the normal cycle. Does he agree that if the Government are intent on pushing ahead with a five-year fixed term, the natural thing to do would be to do the same thing with the cycle for the National Assembly for Wales, and change its term to five years?

Chris Bryant: I suppose it would, but I am not in favour of five-year terms. Political events change at a dramatic pace these days and a five-year term would not meet that requirement. I suspect that such an arrangement would mean that Governments both here and in the devolved Administrations would more regularly be at the fag-end of their sense of having a mandate, and a four-year provision would be much better. I am sure that we shall return to this matter on Third Reading.

I have no desire to delay the House, Madam Deputy Speaker, and I think that I have made my point. In essence, it is that we believe it would be better to have a four-year fixed-term Parliament, because that would help us to avoid the elections for the devolved Administrations coinciding with the general election. We need change only one other measure to make sure that that never happens; we need to provide that we do not start the clock again when there has been an early general election. The Government's intention is to try to make us fall into the rhythm of fixed-term Parliaments and not have lots of early general elections, and such a provision would give people an added incentive not to seek an early general election because they would know that they would then have only a short Parliament before the next general election, which would fall on the previously arranged date. Without any further do, I shall conclude and I look forward to hearing from the Minister.

Mr Harper: The amendments relate to the date of the election and it is worth touching on the points that a number of hon. Members have made about the coincidence of the proposed date of 7 May 2015 with the date of the devolved elections. It is worth saying, as we said in Committee, that it is entirely possible and, indeed, likely that, regardless of whether or not this Bill was introduced, the UK general election could have been held on the same day as those devolved elections if this Parliament had run for five years. In some sense, the Bill provides

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an opportunity, because it has highlighted and crystallised that fact at an early stage, when we have the chance to debate the consequences and do something about it.

As the hon. Member for Rhondda (Chris Bryant) said, and as we discussed in Committee, I wrote to all the party leaders in the Welsh Assembly and the Scottish Parliament proposing to give their Assembly or Parliament the power to extend its term by up to six months. That was to go alongside the existing power to shorten the term by six months to provide a window of a year in which it could vary the date of the election to avoid that once-in-20-year coincidence with the Westminster election.

Dr McCrea: The Electoral Commission's letter said that there was a

"need for a comprehensive research study on the implications of combining elections"

and that the Commission was "not aware" that that work had taken place up to the moment of writing. Has that research commenced?

8.45 pm

Mr Harper: I heard very clearly what the hon. Gentleman said in his intervention on the hon. Member for Rhondda, and I was going to refer to that point anyway. Let me finish this part of my speech and I shall come on to that.

I wrote to the party leaders. They wrote back and I think it is fair to say that they were underwhelmed by the proposal to give the Welsh Assembly and the Scottish Parliament the opportunity to extend their term by six months to provide that one-year window. For that reason, the Government did not table an amendment on Report, as we had suggested that we might if the responses were more positive. The party leaders and Presiding Officers raised some other points, some of which the hon. Member for Rhondda has raised today, about alternatives. We are considering them and will write back to the party leaders as well as keeping the Opposition and the House informed. For the benefit of Members, I should say that copies of the letters that I have written have been placed in the Library of the House today.

Chris Bryant: I am grateful for the tone in which the Minister is responding to this part of the debate. For his information, his office sent me a letter by e-mail today, apparently responding to a letter I sent him on 21 December. It was in fact a letter about something completely different, so if he could arrange for the actual letter to be sent to me, I would be grateful.

Mr Harper: I replied to a letter that the hon. Gentleman sent to me. He might find—I can absolutely get him a copy—that the letter about the letter to the party leaders went to the shadow Secretary of State's office today. I can make sure that the hon. Gentleman gets a copy directly and, as I said, I placed copies of those letters in the Library of the House.

The Electoral Commission's letter made some sensible points about considering all the issues raised by combination. It seems to me that there are two kinds of issues: first, the practical delivery of elections—how we make the mechanics run—and, secondly, making combination easier. That is not just related to the devolved elections and those for the Westminster Parliament. The fact is that whether or not one agrees with the Government's proposals, we are proposing elected police commissioners and some elected mayors, so there will be more elections and more of them will take place on the same day. Therefore, we need to make that easier. Another issue that came up in the debate, which is serious and valid, concerns the extent to which media coverage and so on means that two different conversations can be going on at the same time for different elections. That will obviously engage the political parties, broadcasters and people more widely.

The Electoral Commission's suggestion is very good, but it has not taken place to date. The Government think there is some support for it, but given where we are in the timetable and given that my right hon. Friend the Secretary of State for Northern Ireland wanted to consider the experience of the combined elections in Northern Ireland this year, it might be a good idea to consider what happens with the referendum and elections in May—in only a few months' time—and use that experience to kick off some project along the lines suggested by the hon. Member for South Antrim (Dr McCrea) once the Government have considered the suggestions from the party leaders. That might give us a possible route forward.

Chris Bryant: The Minister referred to elected police commissioners and more directly elected mayors. Will he confirm that they will all also be on four-year terms, rather than five-year terms? If he wanted to provide a little more tidiness—I can see him smiling, because he knows how this sentence will end—he could change this five-year fixed-term Parliament to a four-year Parliament, even if he only did it for after 2015.

Mr Harper: Not representing a valleys constituency, I do not have the same urge for tidiness as the hon. Gentleman. I am happy with our relatively untidy constitutional settlement. I have no problem with that at all.

Jim Shannon (Strangford) (DUP): The Minister has said that the Secretary of State for Northern Ireland will monitor what happens with the elections that will take place this year. After he has done that, will there be close co-operation and consultation with the parties and the Electoral Commission to find the correct way of proceeding and learning from anything that goes wrong? Is that the suggestion?

Mr Harper: Yes, I have discussed this with my right hon. Friend and he intends, as we have discussed in Committee and announced to the House, to consider the experience from this year. We want to work with all the parties in Northern Ireland, just as I have written to all the party leaders in the Welsh Assembly and the Scottish Parliament, to reach some agreement on what works well, what does not work and what needs to change. That will be very much on a cross-party basis.

Jonathan Edwards: I understand that the Deputy First Minister in Wales would prefer a five-year cycle for the National Assembly for Wales. Is that on the table for the Government?

Mr Harper: I will not start picking bits out of individual letters, but, given our debates in the House about preferences for four or five years, it is interesting that there have been suggestions from party leaders about moving the devolved Assemblies on to a five-year cycle. Given what has been said here and that the devolved Assemblies and Parliament were set up after considerable debate and have been on a settled model for some time, that would be a big jump and quite a change to the constitutional settlement.

Naomi Long: The Minister has talked about considering the context of the forthcoming Northern Ireland Assembly elections coinciding with the referendum campaign, but a better comparison would be the impact on the local government election campaign, in which the same range of parties will fight on very different issues. We need to consider this issue in that important context because the referendum campaign will not be party political in that sense and so is not directly comparable to running party political campaigns at the same time. The issue with running a general election campaign alongside an Assembly election campaign in Northern Ireland is that media coverage will focus on the general election campaign in a UK context, looking at parties that do not garner votes in the Northern Ireland context.

Mr Harper: The hon. Lady makes a good point. When the Deputy Prime Minister and I introduced the Bill, we said that a UK general election coinciding with a devolved legislature election would be qualitatively different from a referendum campaign coinciding with a devolved legislature election for the very reason that the hon. Lady says—there would be a narrative and a debate going on and there would be questions about whether the media, newspapers and broadcasters would fairly cover both parts of the debate and whether the public could therefore take properly informed decisions in both elections. We need to consider that issue with all the parties and broadcasters and see whether there are ways around it.

Let me address amendment 1, which my hon. Friend the Member for Carmarthen West and South Pembrokeshire (Simon Hart) moved on behalf of the Select Committee on Political and Constitutional Reform. The intention of the amendment is to clarify that, in the event of an early general election—before 7 May—under subsection (1) or (2) of clause 2, the general election specified in clause 1(2) would not take place, but the Bill already makes it clear that the general election of 7 May 2015 would take place only if no intervening early general elections under the procedures in clause 2 had occurred. Clause 1 sets the date for the first scheduled general election, "subject to" clause 2—those words appear in the first subsection of the Bill's first clause. If there were an early general election, it would replace the election of 7 May. The Select Committee has been very helpful in scrutinising the Bill and its amendments have brought about some good debates. Amendment 1 is good in that it has enabled this debate, but it is not necessary because the Bill is already clear.

Amendments 10 and 11, which the hon. Member for Rhondda spoke to, would mean that the parliamentary term following an early general election would last only for the remainder of the previously scheduled term. To use a phrase that the Committee used in its report, it would keep the clock ticking on the five years whether there was an early general election or not. There has been quite a lot of speculation among academics and others on whether that would act as a disincentive for a Government or strong Opposition to engineer an early general election because a new Government would get a term of perhaps only a few months. We did think about that, and we debated it in Committee. The flip side to that is that there is an election in which a Government get elected, perhaps with a significant majority, quickly followed by another election. That explains the Government's choice of wording.

There is a technical problem with the amendments. An early election could take place just before the scheduled election but the scheduled election would still be held. The rules for the devolved assemblies provide a window, so that if the early election takes place very close to the scheduled election, the scheduled election does not take place. If the early election is more than six months before, the scheduled election still takes place. As the amendments are drafted, there could be an election only weeks before the scheduled election, and the scheduled election would still have to be held. That would not make a great deal of sense.

Chris Bryant: The Minister is right; that would be the eventuality. However, I think that would fly in the face of what in practice would happen politically, because some six to nine months before a general election people would choose not to bother to militate for an early general election—they would just accept that the next general election was coming. I understood that that was what the Minister was trying to achieve—fixed-term Parliaments.

Mr Harper: The hon. Gentleman was hypothetically pessimistic earlier. Now he takes the opposite approach: he is being hypothetically optimistic. The Government's view was that we could have that early general election and the Government could be returned with a large majority, and we think the public would expect that Government to govern.

Interestingly, the Constitution Committee in the other place agreed with the Government's approach. Its report concludes that a newly elected Government should have a full term of office; and that the Government would present its programme to Parliament through the Queen's Speech, which, of course, is traditionally considered to be a test of confidence. We think that in that situation the Government should have the right to carry out their programme for the full five years, and it would make little sense to ask the voters to go back to the polls when they had sent out a clear message.

I accept that that is a debatable point—we had a significant debate in Committee—but let us look at it from the public's end of the telescope rather than our own. If we were to have an early general election, because the Government had lost a confidence vote or because there had been a general sense that we should have an early general election, it would seem a little ridiculous if the public had made a clear choice, sent a Government into office with a significant majority, and then a few months later were back doing it all over again.

I think that, on balance, the Government's decision and the current drafting of the Bill make sense. I urge my hon. Friend the Member for Carmarthen West and

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South Pembrokeshire, on behalf of the Select Committee, to withdraw his amendment 1 and I urge the hon. Member for Rhondda, just for once, to think about whether he really wants to press amendments 10 and 11 and potentially force the British people to undergo election after election in close succession—something which neither he nor I would want to achieve.

Simon Hart: I am much encouraged by the Minister's comments and I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 3

DISSOLUTION OF PARLIAMENT

Amendment proposed: 8, page 2, line 29, leave out '17th' and insert '25th'.—*(Chris Bryant.)*

Question put, That the amendment be made.

The House divided: Ayes 234, Noes 314.

Division No. 174] **[8.59 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Dr Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David

Winterton, rh Ms Rosie
Wishart, Pete
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Angela Smith and
Mr David Hamilton

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Andrew, Stuart
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clappison, Mr James
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Doyle-Price, Jackie
Duncan, rh Mr Alan
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew

Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Stephen Crabb and James Duddridge

Question accordingly negatived.

Third Reading

9.11 pm

The Deputy Prime Minister (Mr Nick Clegg): I beg to move, That the Bill be now read the Third time.

I am grateful to Members who have taken part in debates on the Bill, in particular the hon. Member for Nottingham North (Mr Allen), who sadly is not in his place, and members of the Political and Constitutional Reform Committee, who have been forensic in their scrutiny.

The Bill's reforms are an essential part of the Government's drive to modernise Parliament. Currently, a Prime Minister can, effectively, call an election on a whim—a situation that my colleague and friend, the late Lord Holme of Cheltenham, once described as a race in which the Prime Minister is allowed to approach the track with his or her running shoes in one hand and the starting pistol in the other. Something as important as the timing of a general election must not be determined by the whims of Prime Ministers and the self-interest of political parties. I believe that all parties agree on that. The Bill proposes the introduction of fixed-term Parliaments, bringing a new stability to our political system and, crucially, ensuring that when Parliament does dissolve early, that is a matter for this House.

Debate on the Bill has been vigorous. That is why we allowed extra time in Committee. While we may not see eye to eye with colleagues on the Opposition Benches on every detail, throughout the debates there was broad agreement on what it seeks to achieve.

Let me turn briefly to some of the issues that have attracted most attention. First, on early Dissolution, the Bill provides that Parliament will be dissolved early only if at least two thirds of MPs vote for Dissolution or if a Government are unable to secure the confidence of the House of Commons within 14 days of a no-confidence vote—passed on a simple majority, exactly as is provided for right now.

Those arrangements are complementary. They are workable. Most importantly, they strengthen the power of Parliament to hold Government to account. We are proposing a new power for the House to vote for an early Dissolution, as well as, for the first time, giving legal effect to the existing procedures for a vote of no confidence. I ask Members to note that the Constitution Committee in the other place has endorsed those two mechanisms for triggering an early election.

The Government do not accept the concern that the new right to dissolve Parliament will undermine this House's exclusive cognisance. Such an important constitutional innovation absolutely should be laid down in statute, but we are confident that the courts will continue to regard matters certified by the Speaker as relating to proceedings in Parliament, which are, in turn, protected by the Bill of Rights. I was delighted that the Constitution Committee—a Committee that includes distinguished parliamentarians and lawyers—agreed with the Government's assessment of the Bill's interaction with parliamentary privilege.

On the length of Parliaments, we have looked into the suggestion that four years is preferable to five. It is true that this is not an exact science. It is a question of judgment, but, all the arguments considered, we remain of the strong view that five years, the current maximum and more recently the norm, will encourage the stability and long-term perspective that British politics too often lacks.

Sadiq Khan (Tooting) (Lab): Can the Deputy Prime Minister give us one example in which he or another leading member of the Liberal Democrats before May last year was in favour of a five-year fixed-term Parliament?

The Deputy Prime Minister: We were in favour of fixed-term Parliaments above and beyond all else, and always accepted that the issue of whether it was four years or five years was a matter of judgment, as I said. Five years, as the right hon. Gentleman knows, is the maximum term available to us already, and of the last five Parliaments three stretched to five years, including the last Parliament under a Labour Government.

Austin Mitchell: But the judgment of the Liberal party was that four years was the appropriate length of a Parliament. That is what was in the Liberals' manifesto and what they put up to the Labour side in the coalition negotiations. They asked for four years and election by single transferable vote. Why suddenly switch to five?

The Deputy Prime Minister: As I said, the principle of a fixed-term Parliament was by far the most important thing. Whether that is four or five years—some people argue for five, some argue for four—might divide opinion and might create synthetic objections from those on the Labour Benches, but it is none the less secondary to the principle of giving the House greater power over the Executive. That is what the Bill establishes. Personally, I would not fetishise about 12 months one way or another in a term of four or five years. We have decided in the coalition agreement and as a Government—*[Interruption.]* It is a decision from the Government. I know that the hon. Member for Rhondda (Chris Bryant) finds it deeply uncomfortable not to be in government. He is not. We are, and we have decided five years.

Sheila Gilmore (Edinburgh East) (Lab): One of the consequences of the decision to have a five-year term in the first instance will be the coincidence of the date of the Scottish Parliament, Welsh Assembly and Northern

Ireland Assembly elections in 2015. In the debate in Committee, we were advised by the Parliamentary Secretary, Cabinet Office, the hon. Member for Forest of Dean (Mr Harper) that there would be discussions with the devolved Administrations on that. Can the Deputy Prime Minister report to us now on the outcome of those discussions?

The Deputy Prime Minister: I am not sure whether the hon. Lady was present for my hon. Friend the Minister's update to the House on Report, when he gave a full account of the ongoing discussions with the devolved Administrations and the Presiding Officers of the devolved Assemblies. I understand that people have different views on the coincidence of the two elections in 2015, but I hope the hon. Lady and everyone else will recognise that the Bill does not create the possibility of a clash of elections. Indeed, a clash in 2015 could easily have occurred under the existing arrangements if this Parliament had continued until 2015.

What the Bill does is alert us well ahead of time that there is going to be such a clash. It allows us to anticipate and plan for a date that coincides in that way. As it happens, such clashes will occur only every 20 years. The discussions that we are entering now with the devolved Assemblies, the Presiding Officers and the leaders of the devolved Executives are precisely to take advantage of the fact that we have advance warning of an overlap or a clash, which otherwise we would not have had.

Naomi Long: Although I accept the argument that parliamentary and Assembly elections could have coincided anyway, as might have happened in 2015, is this not a missed opportunity to take a constructive decision on whether such a coinciding is a good or bad thing so that we could then routinely avoid it or make it happen? Instead, it is again being left somewhat to chance.

The Deputy Prime Minister: I agree that in principle a clash of elections to the devolved Assemblies and to the House of Commons should be avoided. As I have said before in debates, there is a world of difference between the potential for confusion among voters being asked to vote for two different Parliaments that will in turn create two different Executives or Governments—a wholly more serious issue—and the coincidence of such elections with a referendum on a specific yes or no issue, as will be the case with the AV referendum and the elections this May. We have always accepted the fundamental assertion that we need to find a way around that. We have had ongoing discussions and will continue to do so with an open mind. We made the suggestion that the devolved Assemblies should have the power to shift the date of their elections by six months either before or after the general election. That has not been greeted with universal approbation, but it is none the less a sincere attempt on our part to try to find a way forward.

Chris Bryant: I am grateful to the Deputy Prime Minister, who is being generous in giving way. Can he confirm that the provision set out in clause 1(5) will extend the maximum length of a Parliament beyond five years and that therefore it would be the longest fixed-term Parliament in the world, other than Rwanda? There is no fixed-term Parliament in the world of five years.

The Deputy Prime Minister: The hon. Gentleman has read the provisions of the Bill correctly, and I think that his point was confirmed by the Minister on Report. On the point about the coincidence of elections, Northern Ireland Office Ministers are conducting separate discussions with the parties in Northern Ireland, where the issues are slightly different. It would be inappropriate for me to prejudge the outcome of those ongoing discussions. We will of course endeavour to keep colleagues on the Opposition Benches informed.

Andrew Percy (Brigg and Goole) (Con): My right hon. Friend is entirely right that the judgment about how long a Parliament should last is not an exact science. During the debates in Committee, I opted for four years because I felt that that was more appropriate. It would avoid the clashes and mean that we would engage regularly with our electorate, which we should all be doing. It would be important in helping to keep us all in touch with our constituents. Would he say more on the thinking behind the decision to have five years rather than four?

The Deputy Prime Minister: As I said before, that is the existing maximum and has been for a very long time. It has recently become the norm, as five of the past nine Parliaments stretched to five years, including the previous Parliament. The hon. Gentleman might disagree, but I hope that he will at least accept the legitimacy of the argument that a four-year Parliament, politics being what it is, would naturally incline parties in power to look towards the next election well ahead of that four-year deadline and that government would be arrested and suspended as the party in power positioned itself months or sometimes a year or so before an impending general election, which would curtail considerably the time in which Governments can do difficult and brave things. Five years, however, is clearly a period during which Governments can take difficult and bold decisions that from time to time, as we very well know now, are necessary.

Sir Peter Bottomley (Worthing West) (Con): My right hon. Friend was asked about clause 1(5) and the length of time between general elections, but my reading of that provision is that it does not extend the life of a Parliament. Parliament will still expire after five years, but the general election has to come within two months after that if it is extended, which is a shorter period than the current maximum.

Chris Bryant: That is not correct.

The Deputy Prime Minister: I defer to my hon. Friend the Member for Worthing West (Sir Peter Bottomley) on the theology of those things. The hon. Member for Rhondda says that he is wrong, but my understanding is that the Bill is fairly clear on that point, even if it a little opaque to me on that very specific point. As my hon. Friend knows, the provisions purely address highly exceptional circumstances that arise for one reason or another, such as unforeseen emergency circumstances. Foot and mouth is an obvious recent example of where it is self-evident that an election simply could not be conducted either practically or politically. That is what we had in mind when we drafted the Bill in those terms.

In conclusion, the Government believe that fixed-term Parliaments represent a simple but absolutely fundamental change: strengthening Parliament, providing stability

[The Deputy Prime Minister]

and moving us towards the new politics that we have all promised the people of Britain. I commend the Bill to the House.

9.25 pm

Sadiq Khan: Things are desperate when the Whips have to arrange things to get most of the Liberal parliamentary party into the Chamber, but it is good to see two rows of Liberal MPs. The Deputy Prime Minister knows more about mutinies than I do, but I suspect that the situation tonight is similar to that of a football club chairman who says to his manager, "Your job is safe." I look forward to the right hon. Gentleman's continued contribution to debates about constitutional reform.

The Bill before us allows the Government to set in stone the date of the next general election as Thursday 7 May 2015. It also gives them time to foist a series of constitutional changes on to the country. They will reduce the size of the House of Commons by 50 MPs, redraw constituency boundaries and silence the voices of local residents through the removal of public inquiries. This Bill allows them the time to do that, and as the hon. Member for Harwich and North Essex (Mr Jenkin), who is not in his place, said on Second Reading, it smacks of

"gerrymandering the constitution in favour of a particular coalition".—[*Official Report*, 13 September 2010; Vol. 515, c. 624.]

Ms Louise Bagshawe (Corby) (Con): Does the right hon. Gentleman intend to suggest that, by the Prime Minister giving up power and by making the votes of people in Corby equal to the votes of people in the Rhondda, we are gerrymandering in the Bill? That is an amazing use of language.

Sadiq Khan: That Bill is being discussed in the other place. It starts again at 3.30 tomorrow.

The hon. Lady should be interested in my next point, however, because the Bill before us also ties the hands of the Conservative party to the Liberal Democrats. With this Bill, their respective fates and identities become inseparable. Make no mistake: the Bill is not for the good of the country; it is for the good of the Ministers on the Treasury Bench. What compounds that outrageous piece of attempted constitutional fixing is the fact they are trying to ram it through at breakneck speed. That urgency is because Back Benchers from both coalition parties are having second thoughts about the issue, so party managers need to get them super-glued together quickly, with no way out.

Throughout the Bill's passage, we have raised a number of concerns about its content and its scrutiny. I have no problem with the Conservative party being converts to fixed-term Parliaments.

Mr Heath: Will the right hon. Gentleman give way?

Sadiq Khan: No, I will not. Not to you.

The Liberal Democrats' policy was for four-year fixed-term Parliaments, but unfortunately the coalition has hijacked a sensible and progressive idea, amended it for its own means and tried to rush through legislation preventing a proper, wide-ranging debate on an important

—[Hon. Members: "Give way!"] I shall not give way to the hon. Gentleman. He has been in charge of timetabling the Bill, and if he had wanted to speak, he should have allowed more time for debate.

Once again, we will rely on the other place to inject a sense of fairness—

Sir Peter Bottomley: On a point of order, Madam Deputy Speaker. If the right hon. Gentleman had intended to take up the first two minutes of his speech himself, one might have understood his response. If he intends to let others come in, however, why does he not let the Minister have a word?

Madam Deputy Speaker (Dawn Primarolo): The hon. Gentleman is very experienced and knows that that is not a point of order. It is entirely up to Mr Khan as to whom he decides to give way to. While I am on my feet, may I remind Members that there is supposed to be only one Member on their feet at any one time in the Chamber?

Sadiq Khan: I welcome the hon. Gentleman to the debate and congratulate him on his recent honour.

I want to be clear that the criticism of the speed with which the legislation is being pushed through comes not from us alone. The Political and Constitutional Reform Committee, the Clerk of the House of Commons, Professor Robert Hazell of the constitution unit and other academic experts, and the House of Lords Constitution Committee have all criticised not only the Bill, but the way in which it is being rushed through without consideration for the consequences on our constitution, both intended and unintended.

May I deal with an important point at the outset? It has been said that the Bill needs to go through unchanged because it is part of the coalition agreement. The new politics means that we can forget about what people voted for, about manifestos and about the promises that were made before the election. The deal that was done means that the agreement that was reached after the election cannot be touched. However, the Bill no longer provides for a general election if 55% of hon. Members believe that one is needed, as was stated in the coalition agreement. The Deputy Prime Minister made an embarrassing U-turn on that issue, proving that the coalition agreement has no constitutional significance at all. I hope that the other place will pay heed to that.

Our major concern from the beginning has been that five years is simply too long for a fixed-term Parliament. We have argued throughout the scrutiny process for four-year terms. That not only compares well with other Parliaments, but provides a better fit with our current constitutional arrangements. Moreover, we have heard the concerns of our colleagues in Wales, Scotland and Northern Ireland about the short-term consequences of fixing Parliaments at five years. The potential clash with the Assembly elections in Wales and Northern Ireland and the parliamentary election in Scotland on 7 May 2015 shows a blatant disregard for those parts of the Union.

Sir Alan Beith (Berwick-upon-Tweed) (LD): The right hon. Gentleman is keen to ascribe motives that were not present in the decision to make it five years. Will he give some indication of the thinking of the previous Prime Minister in deciding that the Parliament that has just ended should last five years?

Sadiq Khan: The right hon. Gentleman will accept that, like his party, we were in favour of fixed-term Parliaments and that, like his party, we thought four years was the appropriate length of time. In between the ballot boxes closing and Liberal Democrats reaching their ministerial cars, his party changed the figure to five years for the simple reason that it meant that it could gerrymander before the next general election.

Dr Julian Huppert (Cambridge) (LD): Will the right hon. Gentleman remind the House how he voted on the Fixed Term Parliaments Bill introduced by my predecessor, David Howarth?

Sadiq Khan: The hon. Gentleman should explain why he has changed his mind in relation to his predecessor's Bill. He will recall that there was insufficient time to allow the Bill introduced by his predecessor—a very good and honourable man—to receive proper debate in the House of Commons. The question that should be asked is why the hon. Gentleman has done a U-turn on that Bill. *[Interruption.]* The Whip, the right hon. Member for Rayleigh and Wickford (Mr Francois), heckles me but if he wants to get to his feet, I am happy to take an intervention.

This sort of Westminster arrogance will not go down well in Cardiff, Belfast and Edinburgh. People in those places will remember the arrogant way in which the Deputy Prime Minister's deputy, after a number of hours of debate on this issue on day one of the Committee, and after a number of Members had spoken, pulled from his pocket an option to allow devolved Assembly elections to be brought forward by up to six months in the event of their being scheduled at the same time as a general election. There was no consultation and no discussion with us or the devolved Administrations before that. We have heard how unhappy they are with this.

Mr Harper: Will the right hon. Gentleman give way?

Sadiq Khan: Of course I will give way.

Mr Harper: The right hon. Gentleman knows, as I made clear at the time, that I announced that option in this House first because I thought it proper for Parliament to hear it first. I then wrote to all the party leaders. During the process, I have kept him informed, have placed copies of the correspondence in the House of Commons and have updated the House. At all stages, I have kept this House informed, as is the proper process.

Sadiq Khan: I am happy for the hon. Gentleman to intervene again. Is it not right that a number of colleagues had taken part in the debate and an amendment had been moved, and that it was only towards the end of the evening that he pulled the option out of his pocket?

Mr Harper: I was very keen to do something that the previous Government did not do often: I listened to the debate and to the concerns raised by Members on both sides of the Committee, and then announced to the House what I thought might be a sensible move forward. As I said on Report, colleagues in the devolved Parliament and Assemblies have written back to me to say that they are less than overwhelmed by my proposals. That is why we did not move them on Report. That was a perfectly sensible way to conduct matters.

Sadiq Khan: The problem is that an amendment was moved, hon. Members took part in the debate, and then the Minister introduced the other option, yet gave us no chance to respond, because of the guillotining by those on the Government Front Bench.

Mark Tami (Alyn and Deeside) (Lab): Surely the point is that the Minister knew that information at the start of the debate, but he chose not to inform Members House at that stage.

Sadiq Khan: My hon. Friend makes the point well.

More recently, and more importantly for this House, our concerns about the length of the Parliament have been strengthened since the Bill was in Committee by the Lords Constitution Committee. In his short contribution, the Deputy Prime Minister cherry-picked parts of its report, but he missed out the most crucial bit. In the Constitution Committee's view, five years is simply too long. Like us, it argues that four years is more appropriate. Its report challenged the Deputy Prime Minister's assertions that the Government's progress on constitutional and political reform, of which the Bill is a key component, will make Parliament more accountable to the people. The Constitution Committee argues that the provisions in the Bill to fix the length of Parliaments to five years would lead to less frequent elections and make the legislature less accountable, not more. Under a system of fixed five-year terms, there would have been four fewer elections since 1945.

I know the pressure that will be brought to bear on Government Members to support the Bill—a Bill that they do not believe in and that they have a problem with. However, when they come to decide whether to give it a Third Reading, they should remember the words of the Lords Constitution Committee, which said that a five-year term was

> "inconsistent with the Government's stated aim of making the legislature more accountable, inconsistent with existing constitutional practice and inconsistent with the practice of the devolved institutions and the clear majority of international legislatures"—

except in Rwanda. If the Bill goes through this House, the Opposition will be looking to the Lords to heed the advice of their own Constitution Committee and recognise that four years is a much more sensible length of time for a fixed-term Parliament.

Time is short, so I will not go into the other problems that we have with the Bill. However, what I will say, and for the second time in a number of months, is that I am optimistic and sincerely hopeful that the other place will inject some sanity into this Bill, through proper scrutiny. This Bill is rushed, self-serving and opportunistic. It is an affront to how we ought to go about amending and improving our constitution. We shall be voting against it being given a Third Reading.

9.37 pm

Mr Charles Walker (Broxbourne) (Con): I have no rancour against the coalition. I think that it is doing some wonderful things: in deficit reduction, welfare reform and education. We are lucky to have two very fine young men at the head of this coalition—they know who they are, and they do not need to be named. However, I feel that they have got this one wrong. This Bill is a mistake. We have had 350 years of settled parliamentary democracy. We have had no despots

[Mr Charles Walker]

ruling—and ruining—this country. We have a great deal to be proud of. I have listened to the arguments closely from the outset. I voted against the Bill on Second Reading, and I had hoped to be persuaded in the intervening weeks that somehow I was wrong and that many of my colleagues were right. However, I am afraid that I was right and they are wrong. This remains an extremely bad Bill.

Some wonderful arguments have been put forward. We have been told that the British public do not like general elections—that we must have fewer of them; that the last thing that my constituents want is a general election every three or four years, because they are so bored of them. However, in the same breath, we are told that we should have elections for mayors and police commissioners; and yet somehow, the most important election of all—a general election—is relegated to something that we would rather not have, and if we must have them, we should have them every five years.

Mr David Anderson (Blaydon) (Lab): My constituents cannot wait for the next general election.

Mr Walker: I hope that the hon. Gentleman will be standing for his constituency at the next general election and that the reason his constituents cannot wait is that they want once again to affirm his brilliance.

We have had 350 years of settled parliamentary democracy, and we are now turning our backs on that a little hastily. Of course, we can draw on the European model. Europe is a great place—I think it is absolutely wonderful—but there is not a great deal that it can teach us about democracy. Democracy is an innovation across most of Europe, arriving in 1945 and 1946 in some places, and in the late 1990s in others. So, although many good things are happening in Europe, our parliamentary democracy is something that we should be proud of.

I do not want to stray outside the bounds of this Third Reading debate, so I shall conclude my remarks by saying that I think this coalition is going to last for five years. It is led by two honourable and right hon. Gentlemen, and if they want it to last for five years, they will take their parliamentary parties with them. But it should not be the duty of Parliament to do the heavy lifting for the coalition. That is the duty of the coalition partners. The Bill is a grave mistake, and I am afraid that there is only one thing I can do from now on: I must work tirelessly for the rest of my parliamentary career to become Prime Minister so that I can do away with what I regard as this rather dangerous piece of nonsense.

9.41 pm

Tristram Hunt: I am grateful that we have been allowed to discuss the Bill. Today's debate has been awash with the abuse of peers at the other end of the Palace who have simply being doing their job of scrutinising Government legislation. We should not omit the vital role of the newly ennobled Lord Fellowes in that act of scrutiny, whose contribution was, we are told, to give an hour-long talk in an upstairs room entitled "A life on stage and screen". Such are the indignities of packing the second Chamber.

I wish to focus on the length of the fixed-term Parliament. We have seen, in the actions of the Government in relation to the Parliamentary Voting System and Constituencies Bill, that what drives them is not the good of the nation but the good of the coalition—or the Tory-led Government, as we like to call them. They are always at pains to ensure that the yin and yang of the coalition are in perfect harmony, so, rather than giving people the chance to put away the notion of the alternative vote on 5 May, they are demanding to keep the two parts of the Bill together to keep the coalition happy. And so it is with this Bill. It proposes a Parliament of five years, not four years, because that is what the coalition, not the nation, needs.

Professor Robert Blackburn, of King's college, London, put it well when he said:

> "It is likely that the Coalition's concern with concretising its political alliance and having the longest period possible in which to implement its tax increases and cuts in public expenditure and then recover sufficient popularity in time for its next meeting with the electorate, has affected its judgement in this matter. In my view, the period between general elections should clearly be four years".

Sir Alan Beith: I do not understand the hon. Gentleman's argument. If the coalition's motive had simply been to postpone an election for five years in order to have more time to sort the country out, that could have been achieved by prime ministerial decision. What the Bill does is to ensure that the next Government, and the one after that and the one after that, will be subject to these provisions. Perhaps, some day, the hon. Gentleman's party will recover enough to form such a Government.

Tristram Hunt: Coalition Members really do not understand the difference between the norm and the maximum. We have had this problem with them over many weeks now. The issue is whether we want to move from the norm to the maximum. Across the academic and political communities, we can see—if we look at the work of Robert Hazell, for example—that four years are preferred to five. The view of the Political and Constitutional Reform Committee—on which I am happy to serve with the hon. Member for Carmarthen West and South Pembrokeshire (Simon Hart)—was that most opinion suggests that it would be better for general elections to be held every four years, rather than every five.

Simon Hart: The hon. Gentleman is suggesting that fixing the term at five years automatically favours the Government of the day, whereas it can of course have the opposite effect. Does he agree with me, as did some of the witnesses who appeared before our Committee, that by tying themselves into a five-year fixed term, the Government might find that the election coincides with a rather dismal period in the opinion polls, giving great advantage to the Opposition? I thought that that evidence was given to the Select Committee—

Mr Speaker: Order. We are grateful to the hon. Gentleman, but his intervention is getting rather long.

Tristram Hunt: I take the hon. Gentleman's point, but the benefits of a fixed-term schedule outweigh those potential risks. I regard four years as within the rhythm of this country, as it is within the rhythm of other European as well as Westminster-style democracies—

Canada, Denmark, the American presidential term, Germany, Sweden. The change to five years is for the good of the coalition, not the nation.

The Deputy Prime Minister referred to and quoted the Chartists again in today's Question Time, but the Chartists believed in annual Parliaments, not in extending the term to five years. As we have heard, the Liberal Democrats used to believe in four-year terms—before the allure of office moved them to change their minds. May I suggest that the coalition listen to a real coalition leader, the late Herbert Asquith? On introducing his own cut to the parliamentary term, he spoke of securing a House of Commons that is

"always either fresh from the polls which it gave it authority, or—and this is an equally effective check upon acting in defiance of the popular will—it is looking forward to the polls at which it will have to render an account of its stewardship."—[*Official Report*, 21 February 1911; Vol. XXI, c. 1749.]

That seems to be the perfect combination. I will move on quickly, as others wish to speak.

I do not feel that the Government have dealt with the problem of exclusive cognisance very effectively, so it still poses the danger of judicial interference. This Bill fits all too neatly into the Government's overarching constitutional reform strategy: coalition first, country second. Whether it be packing the House of Lords, increasing the number of Ministers by 10%, undermining the Union by slashing 25% of constituencies in Wales, or overriding historic or geographic settlements in new parliamentary boundaries, it is Clegg and Cameron first, country second. That is the abiding weakness of coalition Government. The tragedy is that if this Bill is passed, we will have five years of it.

Several hon. Members *rose—*

Mr Speaker: Order. There are fewer than 14 minutes to go and four Members are seeking to catch my eye. Members can do the arithmetic for themselves, so some regard for each other's interests would be appreciated.

9.47 pm

Simon Hart: I start by thanking the shadow Minister, the hon. Member for Rhondda (Chris Bryant) for early warning of his visit to my constituency next week. I extend the invitation to him; if he does not find the speech to the Labour group in Tenby going as well as he would like, he is always very welcome in my house, as he well knows.

Ministers are well aware that of all the constitutional measures going through Parliament, I find this one to be undoubtedly the most attractive. I have to say that I have found it ever more attractive as the debates have played out. One reason is that Wales provides a living example of fixed-term Parliaments. If my voters and electors are anything to go by, there is a very relaxed attitude towards whether it will be four or five years before they are asked to go to the polls.

There seems to be an increasing amount of synthetic frustration being expressed—not by all Members, but by some Opposition Members—about the potential economic, social, cultural and constitutional damage that can be done by this measure. If the experience of Wales is anything to go by, that is a very long way from the truth. The public are completely relaxed about whether they are required to follow the pattern adopted by the Welsh Assembly or the proposal before us tonight.

I referred in an earlier intervention—on the hon. Member for Stoke-on-Trent Central (Tristram Hunt), if my memory serves me right—to witnesses appearing before the Political and Constitutional Reform Committee. Although there was a general tendency for those witnesses to err in favour of a four-year fixed term, there was certainly no significant alarm bell sounded about a five-year fixed term. Simply citing a number of other examples across Europe and the rest of the world in an attempt to suggest that this would have devastating effects in the UK simply does not wash. There are plenty of examples in the UK—Wales is one of them—to confirm that.

The argument I have heard repeated over and over again by the shadow Minister and others is that this measure will result in our having the longest fixed-term Parliament ever, to which I say, "So what?" If the public and my electors, in common with electors further afield in Wales and elsewhere, are as content as they seem to be, so what? If it results in settled and sound government, we should have nothing to fear from it.

Let me end my brief speech by saying that we have heard no evidence, either in the Select Committee or during today's debate, to suggest that a five-year fixed term would pose any constitutional, economic, social or any other dangers that need trouble the House or, much more importantly, the voters who put us here.

9.50 pm

Austin Mitchell: It was interesting to hear the Deputy Prime Minister present as a great constitutional innovation what is in fact a sordid little Bill, which is intended to keep the coalition clinging together for five years in the hope that that will be long enough for the Liberal Democrats to extract some concessions from the Conservatives as a reward for joining the coalition.

Sadly, this brings to mind an image from the Brazil floods that many of us saw on television last week. A poor lady was on the roof of her house clutching a dog—the poor lady representing the Conservative party, and the dog representing the Liberal Democrats. The lady was being winched up by a helicopter, while the dog was being washed away. That is the end of the story. The woman was saved, as the Conservative party will be by this measure, but the Liberal Democrat dog was washed away into the waters.

The Opposition have tried to amend and improve the Bill. We have tried to remove some of its faults. In particular, we have tried to reduce the term involved, or rather to prevent a five-year term from becoming the norm—for although the Deputy Prime Minister has described five years as the norm, it is not; it is the exception.

It has been said that this is a genius of a Bill because it prevents Prime Ministers from manipulating the economy, or manipulating politics, in order to be returned to office. That happened in the 1950s and 1960s, at a time when Prime Ministers could manipulate the economy. Now the economy manipulates Prime Ministers. When we examine the record of past Prime Ministers, it is interesting to note how many of them made timing mistakes that lost them elections. Let me list them. Wilson in 1970: mistaken timing. Heath in 1974: mistaken timing. It was either three weeks too late or three months too early. Callaghan in 1979: mistaken timing.

[Austin Mitchell]

He should have gone for it in 1978. Then there was one called Brown who should have gone for it in 2007, but, as was mentioned earlier, he made the mistake of outstaying his welcome.

That is what the coalition will do by extending the length of this Parliament. The fact is that the people want us to be kept on a shorter leash, and shorter Parliaments provide the most effective way of ensuring that that happens. They ensure that we remain accountable, that we present ourselves to the electorate, and that we are open to re-election. I think that a three-year Parliament, like that adopted by Australia and New Zealand, would be far more sensible, and would accord more with the public mood. *[Interruption.]* Forget 1984; I have already.

Let me end—because I want to be brief—by saying that the Bill is an attempt to keep the coalition in power through manipulation. I think that the coalition will find in five years that by trying to stay in power and by manipulating the electoral system through the loss of 50 Members—which the Deputy Prime Minister presumably thinks will weaken the Executive—it has outstayed its welcome. That is certainly what happened to us—and indeed, the coalition has outstayed its welcome already.

9.53 pm

Andrew Percy: I do not intend to detain the House too long. My hon. Friend the Member for Broxbourne (Mr Walker) made many of the points that I would otherwise have made. He also launched a bid for the leadership of the Conservative party. I do not intend to emulate him in that regard; indeed, I do not think that I would be able to secure the necessary nominations.

I voted against the Bill on Second Reading, but I have absolutely no problems with the coalition. In fact, I have a great deal of regard for my right hon. Friend the Deputy Prime Minister. I have always respected him as a politician, although during the leadership debates my emotions were a bit more up and down in terms of his performance. I do not suggest for a moment that the aim of the Bill is to prop up the coalition. However, I think that the decision to adopt fixed five-year terms is wrong.

As I said in Committee, I think that one of our biggest problems following the expenses scandal and all that surrounded it is a disengagement with politics. I believe that a four-year term is more natural. It is the term to which we expect local councillors to adhere, as well as representatives in the devolved Parliament and Assemblies in Scotland, Wales and Northern Ireland. I fail to understand why the arguments as to why a councillor or MSP should serve for four years do not also apply to a Member of Parliament. Indeed, I am actually quite keen to get back to my electorate. When politicians have a five-year term, there is a temptation for them to take their foot off the pedal in the work they do in their constituency. I hope not to do that; I hope still to be working as hard in two years' time as now. A four-year cycle is, however, a more natural political term, and I am very enthusiastic about engaging with my electorate as often as possible—so long as they make the right choice.

I also have a slight concern about the mechanism in the Bill for how an election is called. I agree with my hon. Friend the Member for Broxbourne that hundreds of years of parliamentary history suggest that we have not in the past had a particular problem with that, so I do not understand why we are putting this convoluted system in place. Frankly however, it is not an issue that taxes many of my constituents. Their concern is that they get an election when the time is right.

I think everybody accepts that most of the terms that have run to five years have not, by any stretch of the imagination, been in the best interests of the country. I would not want us to end up with long Parliaments, with the public becoming increasingly disengaged and angry as we head towards a general election.

If we move to the alternative vote we could end up with a strange system. Candidates who have come second in their constituency but who still manage to get elected might represent a third party, and they might then determine whether we had a general election even though they had come second. Whichever party they might represent, I do not think allowing a party to switch sides midway through a Parliament and change the Government without going back to the people is at all desirable.

I will not detain the House any longer, as I know that one more Member wishes to speak. I opposed the Bill on Second Reading, and I will not support it if there is a Division on Third Reading, because I genuinely believe a four-year term is far more appropriate than five years.

9.57 pm

Mark Durkan: Those of us who have been through all the stages of this Bill, including the Committee stage and the Report stage tonight, were delighted to see the Deputy Prime Minister join us. The same thing happened during proceedings on the Parliamentary Voting System and Constituencies Bill; the Deputy Prime Minister came in like Janet Webb at the end, pushing out the two comedians who had run the show, to make the valedictory statements.

Many of us have no issue with the principle of a fixed-term Parliament. We support that, but we do have serious questions about details of the Bill, and how it interacts with the Parliamentary Voting System and Constituencies Bill. That other Bill is the real reason why the parliamentary term is being set at five years: that Bill fixes that the boundaries will be fixed every five years for each Parliament, which is what has necessitated the five-year fixed term in this Bill—it is because of that fix, and there is no point anybody denying that.

The Deputy Prime Minister and the Government have brought this Bill about in a way that has shown a complete disregard for the interests of the devolved institutions, as they also did with that other Bill. That reckless disregard almost has the air of a joyrider about it. The Deputy Prime Minister needs to recognise that the day will come when he will regret the premature miscalculation that has been involved in both these Bills. They will not hold the coalition together. As we have seen in the experience of Irish coalition politics on so many occasions, there comes a point in the life of a coalition when people look to get out of it.

The Deputy Leader of the House said earlier that this Bill will prevent any snap election in future. It will do no such thing. The device for a motion of no

confidence is not unusable. It is not the case that nobody is ever going to use it; it will be used. Many of us have been through the experience in politics where the unthinkable has happened, because that is the device people had available to them. I have belonged to a system where a resignation that took place was then deemed not to have taken place at all. I have been present when judgments that were meant to be made by a Secretary of State, under the law, to select a date were then completely undone. I have served with people who, on being elected to office, immediately had letters of resignation in their pockets, simply because that was the device that could be used. People will do the absurd. In politics, as in so many other things, when the imperative comes for divorce, divorce will take place. People will not say, "We are not going for it because we will have to go through temporary embarrassment or we will take some of the blame." That is what people will do, and the Liberal Democrats will find themselves caught in that situation, with the Tories and Labour happily ending this Parliament prematurely.

10 pm

Debate interrupted (Programme Order, 13 September).

The Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E). That the Bill be now read the Third time.

The House divided: Ayes 320, Noes 234.

Division No. 175] **[10 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Andrew, Stuart
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cairns, Alun
Campbell, Mr Gregory
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clappison, Mr James
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Dorrell, rh Mr Stephen
Doyle-Price, Jackie
Duncan, rh Mr Alan
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lucas, Caroline
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McCrea, Dr William
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline

Norman, Jesse
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, David
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wilson, Sammy
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
James Duddridge and Norman Lamb

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Caton, Martin
Chapman, Mrs Jenny
Chope, Mr Christopher
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Dr Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Davies, Philip
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hollobone, Mr Philip
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Love, Mr Andrew
Lucas, Ian
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, Dr Alasdair
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
Nuttall, Mr David
O'Donnell, Fiona

Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Turner, Mr Andrew
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walker, Mr Charles
Walley, Joan
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Woodcock, John
Wright, Mr Iain

Tellers for the Noes:
Angela Smith and David Wright

Question accordingly agreed to.

Bill read the Third time and passed.

Business without Debate

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

CITIZENS' INITIATIVE

That this House takes note of European Union Document No. 8399/10 and Addendum relating to the draft European Citizens' Initiative Regulation, on which political agreement was reached by Council and Parliament at First Reading in December 2010; and supports the Government's intention to develop a mechanism to implement the Citizens' Initiative which encourages citizen engagement while minimising the burden on Member States.—*(Mr. Newmark.)*

Question agreed to.

PETITIONS

Further and Higher Education Funding

10.15 pm

Rachel Reeves (Leeds West) (Lab): On behalf of my constituents I present this petition from the staff and students of Swallow Hill community college in the Leeds West constituency.

The Petition of students and staff of Swallow Hill Community College, and others,

Declares that the Petitioners oppose the abolition of the Education Maintenance Allowance; and further declares that the Petitioners oppose the Government's decision to raise Higher Education tuition fees.

The Petitioners therefore request that the House of Commons urges the Government to reverse its decisions to abolish the Education Maintenance Allowance and to raise Higher Education tuition fees.

And the Petitioners remain, etc.

[P000879]

Education Maintenance Allowance

10.16 pm

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): Seventy per cent. of the young people in City of Sunderland college are in receipt of the education maintenance allowance. Ninety per cent. of those receive the full £30.

The Petition of residents of Sunderland and the surrounding area,

Declares that the Petitioners oppose the abolition of the Education Maintenance Allowance; and notes that education can provide a better future for young people.

The Petitioners therefore request that the House of Commons urges the Government not to abolish the Education Maintenance Allowance.

And the Petitioners remain, etc.

[P000880]

West Midlands Police

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Newmark.)*

10.17 pm

Steve McCabe (Birmingham, Selly Oak) (Lab): Thank you for granting this Adjournment debate, Mr Speaker. This is my third encounter today with the Minister for Policing and Criminal Justice. I assure him that I am not tiring of it, even if he might be getting a little fed up with the sight of me. I am glad that a number of colleagues have stayed for the Adjournment debate, which shows their concern about this issue.

Alongside many of my west midlands colleagues, I have spent quite a bit of time recently discussing the likely effects of cuts and reductions in policing. We have talked with the Minister, shadow Ministers, police officers of various ranks, members of the police authority and other key stakeholders. We all know that reductions in police funding are going to be at their worst in places such as the west midlands, and that there may well be consequences that have so far been overlooked.

Inevitably, talk of police cuts leads to discussions about the risks of rising crime and arguments over how the police use their time. Depending on the audience, it is not uncommon for young people to figure in the discussions, as if they are a major cause of crime and antisocial behaviour and the entire nature of their relationship with the police is one of conflict. I do not accept that—hence tonight's debate. It is easy to forget that the police are often the first port of call for worried parents when youngsters go missing or run away from home, when youngsters fall into bad company or when parents feel they are losing control. In my constituency of Selly Oak, it is common to see the police playing an active role in working in schools and youth clubs. They take a very hands-on approach.

Shabana Mahmood (Birmingham, Ladywood) (Lab): Does my hon. Friend agree that school-based police officers are crucial and make a huge difference that is noted by parents, teachers and local residents and, in particular, by students themselves? He might be interested to know that I was lobbied last week by year 7 and 9 pupils from Small Heath school in my constituency—incidentally, it is my former school. They were lamenting the loss of their local police constable, PC Inglis, who had been based at their school for a number of years and had made such an impact on the students and on antisocial behaviour, the rates of which had declined significantly.

Steve McCabe: I agree with my hon. Friend. At Highters Heath school, it is not unusual to see officers taking part in lessons or accompanying children on school trips. That is part of a project developed by the head teacher, Jan Connor, in conjunction with her local police inspector and sergeant. They recognised that contact with the police had to be about more than warnings, inquiries or witnessing arrests, so they set out to break down the barriers and build a long-term relationship with the community. That is important, but it will be hard to measure when the accountants want to balance the books. As with my hon. Friend, the young people and constituents whom I speak to tell me that it is making a difference.

I often get complaints from constituents about antisocial behaviour on the Chinn Brook recreation ground, especially during the lighter nights. The solution in the old-fashioned, vehicle-led reactive policing days might have been to send out a car and issue a few warnings or round up the loudest. That does not really solve the problem and risks alienating young people from the police.

Last summer, I attended a barbecue organised by a local inspector and a sergeant and her team. They sent invitations to families across the area. They made it clear that the recreation ground could be used for fun and family events, but that it had to be shared and the needs of others respected. They worked hard to sign up every youngster who attended for a sports challenge or some other activity to keep them busy on summer nights. That is the kind of policing that my constituents want, and it is the kind of policing that pays dividends with young people.

West Midlands police have been one of the pioneers of a return to what is sometimes called autonomous or common-sense policing, whereby the police set out to resolve community conflicts, antisocial behaviour and sometimes intergenerational tensions by using their guile and common sense, rather than boosting their arrest figures. Using that kind of policing, minor vandalism can be dealt with by perpetrators putting right the damage, or a punch-up in the school playground not automatically being recorded as an assault. For me, that is the foundation of neighbourhood policing.

Many years ago, when I worked with young offenders, I can well remember the juvenile court packed with cases that might have been dealt with differently with a bit more common sense and desire for a just solution. That is why I am anxious to protect this model of policing. I am not alone in that view. More than 600 of my constituents have been in touch with me to express their anxieties about what might happen if there is a huge reduction in officers and less time for community engagement.

Jim Shannon (Strangford) (DUP): The hon. Gentleman will be aware that what he is referring to is replicated in a great many places across the United Kingdom, including in my constituency. It involves community policing, new ideas—sometimes, midnight football—and flexibility with children. It does not necessarily apply the rule of law and use prosecution, but it shows how we work with them and take them away from the attractions that sometimes lead them astray.

Steve McCabe: The hon. Gentleman is absolutely right. It is right that the police should try to forge links with those young people whom we sometimes describe as "hard to reach". The police should work with charities, voluntary groups and youth groups to help young people to feel safe and to enjoy themselves, while remembering to respect the needs of others. That is as important for front-line visibility as anything else that Sir Denis O'Connor might comment on.

We can argue another time about the intensity of the Government cuts and whether their scale and timing are right. For the purposes of this debate, however, I simply want to highlight my fears about some of their unintended consequences. Birmingham council's antisocial behaviour unit will be a victim of the cuts. It will lose most of its staff and might have to close. Although I have not necessarily agreed with its approach on

everything, I recognise that its trailblazing work is designed to prevent the growth and persistence of the antisocial behaviour that wrecks communities and destroys lives. In 2010, the unit was able to work with the police on a spate of gang-related activities, as well as the identification and closure of premises that were being used as brothels in a dark world where young women are often lured into a life of depravity and despair. The police have worked with local charities to create safe havens to help to take youngsters off the streets and to develop opportunities for the police and others to work with them constructively. We have one safe haven in the Quinton area of south Birmingham. The police officers I speak to are positive about the value of that work. They intend to create a network of havens, but now we might be fighting to prevent the closure of the one that already exists.

In some parts of Birmingham, the authorities have made good use of money available from pots such as the working neighbourhoods fund and safer city partnerships. They use that funding with the police to tackle antisocial behaviour, to reduce gang activity and to act on neighbourhood tensions and intergenerational conflicts. Bodies such as the centre for conflict resolution have been part of that, but what is their future as their partners find their budgets slashed?

At least three youth groups in Selly Oak are expressing concern that the work they do with the police is at risk. The 641 group might have to close, and the Den and St Mary's youth group are also in a precarious position. Yesterday, I received quite a sad letter from two young men in my constituency—Kieran Greenway and Tom O'Rielly—who wanted me to know that they had started a petition to try to stop the closure of their youth club: Masefield youth club. They feel that the club is teaching them about co-operation and teamwork. It is providing assistance in their search for work or training opportunities, which is no mean task for a young person in Birmingham at the moment. The club encourages them to look at their own behaviour. It helps to divert them from trouble and from being blamed for causing trouble. It also reduces the chance that they might be drawn into acts of vandalism or exposed to violence and drugs, or that they might develop relationships with the police that are wholly hostile and confrontational. They want to keep their club in their area because they do not have to travel far to get there and, as a result, they are less likely to be exposed to street crime. Violence and robbery are real problems for many young people these days, and those under 25 are much more likely to be victims than perpetrators.

For a big city, Birmingham does not do that well in youth provision, although I pay tribute to the countless dedicated individuals who give up their time to help and support our young people. They are part of the Prime Minister's big society, but they are fighting a very tough battle and they increasingly think that the little support that does exist is being steadily removed.

Birmingham city council's own overview and scrutiny committee recommended in its November 2006 report that decent youth services required an average spend of £100 to £110 per youngster per year. In the constituency of my hon. Friend the Member for Birmingham, Northfield (Richard Burden), the spend is about £60. In Selly Oak, it is about £45, and in the constituency of my neighbour, my hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart), it is about £30.

Our young people are already being short-changed. They need people to advise them on the dangers of smoking and to provide honest advice on relationships and sexual behaviour. They need to know about the risks of HIV and other sexually transmitted diseases. They need places to go where they can feel safe and form relationships with adults that are not destructive and exploitative. The police play a crucial role in supporting many of those services. We should not overlook the superb work they do in partnership with others.

Police cuts do not affect only the elderly, home owners and businesses, all of whom have reason to fear the scale of cuts in the west midlands. They also affect youngsters who deserve the chance to develop decent relations with the police, who need access to challenging activities to absorb their energy and exuberance, who come from violent homes or who have no home, and who want to feel safe and deserve a chance like everyone else. Now is not the time to reduce support for young people. Future generations deserve better from us.

I am sure that that is what the right hon. Member for Havant (Mr Willetts), now Minister for Universities and Science, had in mind when he talked in his excellent book "The Pinch" about the contract across generations and the responsibilities of the baby boomer generation to the subsequent generation. We need to recognise the important role that the police can play and not treat our young people as voiceless individuals—those without a vote who can be left at the bottom of the pecking order when these cuts are imposed.

10.32 pm

The Minister for Policing and Criminal Justice (Nick Herbert): I congratulate the hon. Member for Birmingham, Selly Oak (Steve McCabe) on securing the debate. I am delighted to be discussing these issues with him once again—I think for the third time today. I have also met him to discuss the funding of West Midlands police, and I know that he speaks with genuine concern, passion and interest about the subject, which is also motivated by the interests of his constituents and by wanting the best possible police service in his constituency and more widely in the west midlands. That is an ambition that the Government share. It is the first duty of the Government—of any Government—to ensure that the public are safe, and it is important to us all that we have an efficient and effective police service. However, the Government also have to deal with the deficit. The hon. Gentleman recognised that in his comments. We can disagree about the pace at which the deficit is being dealt with, but Government Members argue that it is essential that it is dealt with as fast as we are proposing.

Nevertheless, I think that both sides agree that the police would have to make savings irrespective of how fast that deficit was reduced, and there is indeed agreement on both sides that the police can make substantial savings, so what we have is a discussion about the scale of those savings and how they can be delivered in a way that does not affect or damage the service that people are entitled to expect in their homes, in their workplace and on the streets. I believe that it will be possible for police forces across the country, including the West Midlands police, to restructure, make savings and drive down costs in a way that will enable them to deal with the reductions in grant that we have had to announce, without producing a service that is worse for the public.

[Nick Herbert]

We are asking the police to make savings to meet a challenging funding settlement. We have always said that it would be challenging; it was announced in the spending review that the central Government grant to police forces is reducing by 20% in real terms over four years.

Not every force is affected in the same way, because the amount of resource that is available to forces depends on how much they raise from council tax payers. Every force raises some money from council tax payers. On average, that is about a quarter of the funding that they receive, so it is a highly significant share. The West Midlands force receives the second lowest amount from the council tax payer, a point that has been well made by the hon. Gentleman and his colleagues. That means that the 20% reduction in real terms is more challenging for West Midlands than for other forces.

As I explained to the Home Affairs Committee today, we looked closely at whether it would be right or possible to adjust the grant reduction to take into account the fact that some forces, such as the West Midlands force, raise less from their precept, but there were a number of objections to that. One is that by doing so, we would be penalising council tax payers in other areas who already pay far more for their policing services and have had a big increase in council tax over previous years. That would be unfair. Also, by subsidising forces, including large forces such as West Midlands, in that way, we would be asking other forces to take a larger cut in central grant than 20%. They would have regarded that as very unfair.

It seems right and fair to treat all forces in the same way and ask that they deal with a 20% reduction in real terms. The implications of that are not the same in cash terms. The cash reduction for forces in the first year is 5.1%. In the second year it is 6.7% on average. Taking account of the specific grants that are added, the average reduction is 4% in the first year, 5% in the second, 2% in the third and 1% in the fourth. Those are cash figures and do not take into account inflation, but they illustrate the fact that although these are challenging reductions, they are manageable, provided that considerable savings can be achieved.

Her Majesty's inspectorate of constabulary says that forces together can save more than £1 billion a year—that is some 12% of their funding from central Government—while protecting front-line services. They can achieve that by redesigning their services, and specifically by making changes in their back and middle offices, including by outsourcing. That has happened to differing degrees across forces, but the West Midlands police are now looking at such a radical service redesign.

I met the chief constable again today. Indeed, I have just been with him, discussing these very issues. The kinds of project that the force is considering are those that would save large sums of money as it attempts to meet the budget reductions, but I do not believe that those changes would mean a reduction in service that would be felt by the public.

The Government have never been able to give a guarantee about police numbers, and nor were the previous Government. We recognise that police forces are having to institute a recruitment freeze and that some forces, including West Midlands police, are using the A19 procedure so that police officers who have reached 30 years of service retire. There will be reductions in the size of police work forces, and that is true for West Midlands police. However, that is not the same as saying that there will necessarily be a reduction in the quality of service for the public. The task for chief constables and their managers in the police force, supported by their policy authorities and the Government, is to find ways to drive the kind of service redesign that will mean that the public still see their police officers on the streets and still receive a good response from them and that the police are still able to engage in the kind of partnership activity that the hon. Gentleman mentioned, which is so important in dealing with youth crime.

In addition to the savings that the inspectorate of constabulary identified, we believe that further savings could be made by police forces. I rehearsed some of those briefly with the Home Affairs Committee today and will be happy to do so again. For instance, we think that procurement of non-IT goods and services could save another £200 million a year, bearing in mind that police authorities currently spend £2.8 billion a year on equipment, goods and services. We also think that savings from IT will be possible if police forces collaborate. We have a new approach to procuring and managing IT. There are 2,000 IT systems between the 43 forces, employing around 5,000 staff. The general view in the service is that savings will be possible by managing that better, and the Government are determined to help drive that.

Furthermore, we have set up an independent review of pay and conditions under Tom Winsor, the former rail regulator, and it will produce its first report shortly. That will advise us on the right and proper balance between pay and conditions and whether we have the right arrangements in relation, for instance, to overtime, special priority payments and such matters. That will enable us to ensure that we have an affordable service, but also one that fairly remunerates officers, who do such an important job, recognising that they cannot strike and that many do a difficult and often dangerous job. We await Tom Winsor's report and will then advise on our position. Any changes that might be made, including the possibility of a two-year pay freeze, which would also save significant sums of money for police forces and which we expect the rest of the public sector to undergo, would have to be agreed by the police negotiating board.

Despite the fact that we expect the overall size of the police work force to be reduced, including in the west midlands, we are absolutely determined to protect front-line services.

Steve McCabe: I recognise the difficult job that the Minister has. Does he have any plans to issue guidance or advice to the police on the significance of young people when considering their budgets? That group cannot vote and does not have a voice in the same way as adults, and that is part of the purpose of raising the matter.

Nick Herbert: I was going to move on to young people. I have no specific plans to issue that kind of guidance, partly because I do not think that I need to persuade chief officers or police forces about the importance of such work. They know that the significant investment that has been made in the development of neighbourhood

policing and the growth of partnership working, whereby police officers are engaged with local authorities in crime reduction measures, particularly those affecting young people, has been a really important move. It has helped to reduce crime and to build public confidence, and my understanding is that chief officers, including Chris Sims, the chief constable of West Midlands police, are committed to it.

We need to send a message to local authorities. They of course face equally challenging reductions in funding, but, as they too have to take very difficult decisions on how to make savings, it is important that we remind them that community safety is one of their statutory responsibilities, and that the partnership work that we have seen between local authorities and the police locally has helped to make communities safer and must continue.

As local authorities consider how to achieve those aims, we want to ensure that local partnerships have a purpose, that they are non-bureaucratic and that they do not waste time. They should not simply involve meetings between council officials and police officers; they should be places of real action-orientated policing, with a strong focus on preventing crime and all the measures that we know to be successful, particularly in youth services.

I pay tribute to the West Midlands police and its partners in the community safety partnership for their work in tackling youth crime and violence in Birmingham. Birmingham has worked closely with the Government on a number of programmes to tackle youth crime and violence, and the city pioneered the use of civil injunctions to tackle gang violence, an approach that was subsequently enshrined in law and will go live on 31 January. This year the Home Office will provide Birmingham with £350,000 for work to tackle youth crime, in addition to £85,000 for work to tackle youth violence. So we are doing what we can.

In conclusion, I pay tribute to all the people who work in Birmingham and elsewhere to prevent and tackle youth crime and violence: local communities, police officers, police community support officers, youth offending teams and others. The Government's aspirations for policing in the west midlands are the same. The chief constable could not have put it better when he said on 11 January:

> "My task is to protect delivery at all costs, to protect the frontline, to protect neighbourhood teams which have been such a success, to keep our ability to deliver the policing people want."

We share that ambition.

Question put and agreed to.

10.47 pm

House adjourned.

House of Commons

Wednesday 19 January 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Speaker's Statement

Mr Speaker: I have a short statement to make on progress towards the establishment of an informal liaison group for the House of Commons and the Independent Parliamentary Standards Authority.

The purpose of the group will be to provide a forum in which Members of Parliament and members of the board and officials of the Independent Parliamentary Standards Authority can, on a consultative basis, raise matters of interest or concern.

Following consultation with the parties in recent weeks, I have invited nine Members of the House to represent the House of Commons on this liaison group. They are the right hon. Member for Newcastle upon Tyne East (Mr Brown), and the hon. Members for Chatham and Aylesford (Tracey Crouch), for Warrington North (Helen Jones), for Milton Keynes North (Mark Lancaster), for Gainsborough (Mr Leigh), for Na h-Eileanan an Iar (Mr MacNeil), for North Cornwall (Dan Rogerson), for Islington South and Finsbury (Emily Thornberry) and for Broxbourne (Mr Walker).

Members who wish to raise matters should be in touch directly with members of the liaison group.

Oral Answers to Questions

CABINET OFFICE

The Minister for the Cabinet Office was asked—

Big Society

1. **Graham Jones** (Hyndburn) (Lab): What recent progress the big society ministerial group has made in its work. [34280]

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): The Government have an ambitious agenda for the big society. We want to decentralise power and put it in the hands of local communities. We want to open up public services to small and medium-sized enterprises, voluntary organisations and mutuals, and support the growth of civil society organisations.

The ministerial group, which is co-chaired by the Secretary of State for Communities and Local Government and myself, is helping to drive forward this agenda and has already contributed to progressing our vanguard areas, the renewed compact, the right to provide for mutuals, and our giving Green Paper.

Graham Jones: Hyndburn citizens advice bureau has seen a 50% cut in its funding and four job losses, and I think that it is a similar tale at Rossendale citizens advice bureau. I am waiting for its job losses, but it is expecting a 50% cut. The Minister should be mindful that his Government might leave the legacy of a little society. What warm words would he have for Rossendale and Hyndburn citizens advice bureaux?

Mr Maude: We urgently hope that local authorities, as they deal with the financial consequences of the budget deficit that the Labour Government left behind—when the Government were spending £4 for every £3 in revenue, having to borrow £1 out of every £4—will ensure that a disproportionate burden of those reductions does not fall on the voluntary sector. That is a matter he should take up with the local council.

Mr Oliver Heald (North East Hertfordshire) (Con): Have Ministers considered how to avoid duplication in the work of existing volunteer bureaux, often supported by local councils, and the new community organisers who are being recruited by the Government?

Mr Maude: I would expect community organisers to work closely with those organisations and to ensure that there is no duplication of effort. These community organisers, many of whom already exist and do great work in communities, will not carry any kind of bureaucracy or organisational structure with them. Their job is to put people together, give support to organisations and make connections where they are not already being made.

Mr Liam Byrne (Birmingham, Hodge Hill) (Lab): This morning, figures showed that youth unemployment has rocketed up, and this afternoon we expect the Government to confirm that they will cancel the education maintenance allowance. Without work and without study, surely we need our youth charities more than ever before, yet the National Council for Voluntary Youth Services says that three quarters are now cutting projects. Just what have the Government got against young people, and why is there such a narrow place for young people in the Government's vision of the big society?

Mr Maude: I am pretty reluctant to take lectures on this from the right hon. Gentleman, because he will know, as a prominent member of the last Government, that when his Government left office there were many more young people out of work than when they took office.

Charity Collections

2. **Mr Sam Gyimah** (East Surrey) (Con): What steps he is taking to prevent fraudulent charity collections. [34281]

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): Stealing from charities is a repulsive crime, but a growing problem, with suspected links to organised crime. It is estimated that up to £50 million a year is lost to bogus collections, which deprive charities of vital income and damage public trust and confidence in them. We are determined to take robust action against people who carry out such crimes.

Last week the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Ruislip, Northwood and Pinner (Mr Hurd), who has responsibility for civil society, and apologises for not being able to be here today, chaired a very positive meeting with charities, their collection partners, and the licensing and enforcement agencies to consider ways to tackle the issue. We want to review the licensing legislation and put much greater emphasis on the co-ordination of enforcement action to combat these criminals.

Mr Gyimah: I thank the Minister for his answer. What assurances can he give the House that in our efforts to clamp down on fraudulent collectors we do not create an overly burdensome system that makes it harder for volunteers, on whom many of the charities in my constituency and across the country rely, to give up their time?

Mr Maude: My hon. Friend raises an important point. The Charities Act 2006 is due to be reviewed, in the ordinary course of events, later this year, which we will do. It seems to us that the current laws are outdated; they date from many years ago, from a different world. They are not particularly effective at preventing fraudulent collections, yet they can already be very burdensome on legitimate charities. We want to reverse that to make the law easier for legitimate charities but more effective in controlling fraudulent collections.

Mr Nigel Dodds (Belfast North) (DUP): In taking that important matter forward, what consultation does the Minister propose to have with the devolved Administrations so that best practice might be adopted in tackling that serious issue?

Mr Maude: I am confident that the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Ruislip, Northwood and Pinner, who has responsibility for civil society and is taking the initiative forward, will want to collaborate closely with the devolved Administrations in just the way that the right hon. Gentleman suggests.

National Citizen Service

3. **Cathy Jamieson** (Kilmarnock and Loudoun) (Lab/Co-op): What proportion of the budget of the national citizen service he expects to be spent in the 50% least disadvantaged areas of the country. [34282]

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): Analysis by Cabinet Office officials shows that NCS pilots are taking place in more than 190 locations across England and that places are evenly distributed among the most and the least deprived areas of England. Just under half of the places are in the 50% least deprived areas and just over half are located in the 50% most deprived areas. The key criterion for selecting pilot providers was the quality of proposals, including their plans to attract a wide cross-section of 16-year-olds and to support disadvantaged young people to take part. The bidders themselves nominated areas where they wanted to deliver the 2011 pilots as part of the competitive commissioning that was completed in November.

Cathy Jamieson: I am sure that the Minister will be aware of the research published by the university of Strathclyde, since it was the Conservative party that commissioned it, which highlights the danger that the proposed NCS would in fact benefit more middle-class and well-off young people, rather than those in disadvantaged areas. What account is he taking of that research and how is he changing the programmes to deal with it?

Mr Maude: The essence of that programme is that it is designed to bring together young people from a genuine mix of backgrounds. It is not designed particularly to help disadvantaged young people. It will benefit all young people and help to create a much more cohesive society by bringing together people from all backgrounds at an important and formative stage in their lives, during the rites of passage to adulthood. The social mix is an absolutely crucial ingredient of the programme.

Jon Trickett (Hemsworth) (Lab): Is it not true that the national citizen service requires that the voluntary sector has adequate capacity to deliver additional volunteering, which is contrary to the unequivocal statement made at the last Cabinet Office questions by the Minister of State, Cabinet Office, the right hon. Member for West Dorset (Mr Letwin), that the sector would expand? Will the Minister now admit that that statement was untrue. The latest figures for the voluntary sector show a decline of 13,000 jobs in a single quarter. Does he agree that the House was misled and that the statement—

Mr Speaker: Order. I am sure that the hon. Gentleman meant to say "inadvertently misled".

Jon Trickett: Thank you, Mr Speaker. The House was inadvertently misled, even though the facts show what actually happened. Finally, would the Minister say that the job losses are a clear disaster for his big society aspirations?

Mr Maude: The hon. Gentleman asked in particular about the capacity of the voluntary sector in relation to the national citizen service. I can tell him that the number of interested providers massively outweighed the number of places that we were able to fund. There is huge interest in the voluntary sector in taking part in the programme. The point that my right hon. Friend the Minister was making was that our approach to public service reform will open up areas of public service delivery to the voluntary and charitable sector and to social enterprise in a way that has not been done before, for all the talk from the previous Government, and the opportunities going forward will be considerable. My right hon. Friend made the point, as we all have, that there will be a tough time immediately, and we have some steps in place to try to help over that period, but the opportunities down the track are considerable.

Behavioural Insight Team

4. **Damian Collins** (Folkestone and Hythe) (Con): What progress his Department's behavioural insight team has made in its work. [34283]

The Minister of State, Cabinet Office (Mr Oliver Letwin): I am glad to be able to tell my hon. Friend that the behavioural insight team is now well established. It

is beginning with work on three areas: improving the nation's health; empowering consumers and encouraging people to give money; and protecting our environment.

Damian Collins: "Nudge" author, Richard Thaler, has said that he believes that groups of friends can reduce their alcohol consumption by ordering from a bar tab rather than buying rounds of drinks. What savings from the national tab is the Minister making by applying behavioural economics at the heart of Government instead of creating yet more legislation?

Mr Letwin: I am glad that my hon. Friend asks that extremely interesting and important question. Of course, there has to be legislation about some things, but legislation has strict limits. The Opposition should be well aware of that, as they wasted £1.1 billion on ID card legislation—a totally ineffective example of authoritarianism. They also proposed to engage in bin taxes, and the evidence is now very clear: those measures would have increased fly-tipping and burning at home and have had counter-productive effects. The comparison with the RecycleBank initiative that Windsor and Maidenhead council and others are taking up, which nudges people into successfully recycling, is very striking. My hon. Friend is right to draw attention to the fact that we can do—*[Interruption.]*

Mr Speaker: Order. May I just very gently say to the right hon. Gentleman, whose mellifluous tones I always enjoy—

Chris Bryant (Rhondda) (Lab): Nudge him!

Mr Speaker: Yes, I shall try to nudge him. What we want is an answer, not an essay.

Paul Flynn (Newport West) (Lab): Has the insight team considered an independent think tank's judgment that the Government's health reforms are like trying to resuscitate a corpse, which has not been done successfully since the time of Lazarus? How will the Government's reforms help the nation when they are imposing chaos on the health service?

Mr Letwin: I do not think that the national health service is anything like a corpse at all; it is a living, breathing body that does a fantastic amount of good for our nation, and we are trying to improve it. The behavioural insight team has, as a matter of fact, been involved with the Department of Health—I was hearing about it just this morning—in thinking through ways in which we can nudge improvements in the health service, too, and try to make it more effective without imposing additional regulation on it.

Big Society

5. **Mr Andy Slaughter** (Hammersmith) (Lab): What recent discussions he has had with the civil society organisations on the implementation of the big society initiative. [34284]

The Minister of State, Cabinet Office (Mr Oliver Letwin): All Cabinet Office Ministers meet civil society organisations regularly. I was present recently with the Minister for the Cabinet Office and Paymaster General, my right hon. Friend the Member for Horsham (Mr Maude), the Prime Minister and other members of the Government at a round-table meeting with a cross section of voluntary and community groups and their representatives. We had extremely fruitful conversations about the new opportunities opening up for the sector and the way in which we can encourage those.

Mr Slaughter: Yesterday, my local Tory council announced that 22 well-regarded voluntary organisations would be evicted from their home in Palingswick house, which they have been in for 25 years, to provide a site for a free school run by the self-publicist Toby Young, most of whose pupils will come from outside the borough. Will the right hon. Gentleman extend his deliberations and come to Hammersmith to sort out the broken big society there?

Mr Letwin: I have of course heard about the Palingswick house events, but it is hugely in the interests of the hon. Gentleman's constituents that there should be a free school there, as it will improve education standards, I have no doubt. That is of course entirely a matter for the local council, not for the Government, because we believe in localism, but I understand that the council intends to find other ways to house the voluntary and community groups that are involved, and I am sure that it will do so with his help.

Harriett Baldwin (West Worcestershire) (Con): May I draw your attention to my entry in the Register of Members' Financial Interests, Mr Speaker, and ask the Minister what the likely timetable will be for local voluntary organisations to access the big society bank?

Mr Letwin: My hon. Friend has a distinguished record in financing voluntary and community groups, and the big society bank will make a difference to that area. The bank is a quite a complicated proposition, and we have to organise it and find the funding for it, but my right hon. Friend the Minister for the Cabinet Office and Paymaster General is at work on that at the moment. Although we hope to be able to progress it at a reasonable rate, I certainly do not want to give my hon. Friend the impression that it will happen overnight, but I anticipate it being up and running in the not too distant future.

Roberta Blackman-Woods (City of Durham) (Lab): What reassurance has the Minister given civil society organisations that the big society agenda is being driven not by marketisation principles and the desire to see the voluntary and community sectors bid for public sector contracts simply to reduce costs, but by the desire to enable genuine community empowerment?

Mr Letwin: If the Speaker will permit a little essay, I would say two things in response to the hon. Lady's important question. First, this is not all about money, in any dimension. The Localism Bill that we are bringing before the House has a huge effect on building social capital, and it does it by empowering people to make decisions about really important things such as their neighbourhood planning. That has nothing to do with saving money and everything to do with building social capital and empowering people.

Secondly, I fear that the hon. Lady shares the error that many of her colleagues have exhibited in thinking that the issue is one of services versus money. We are actually trying to find ways of getting more for less, and we believe that the innovation, enterprise, intelligence and social capital in the voluntary sector will enable us to do that.

Public Bodies

6. **Mr Ben Bradshaw** (Exeter) (Lab): What savings have been achieved under the Government's programme of rationalisation and abolition of public bodies to date. [34285]

7. **Gordon Banks** (Ochil and South Perthshire) (Lab): What assessment he has made of the effect on public expenditure of his proposals for non-departmental public bodies. [34286]

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): The proposals for reform that I set out in the House last October are the most major change to the public bodies landscape that any Government have made in a generation. They will make a significant contribution to reducing the baseline of Government spending as part of the coalition Government's deficit reduction plan.

Mr Bradshaw: While "The King's Speech" is rightly being feted all around the world, the right hon. Gentleman's Government are abolishing the organisations here in Britain that helped to make that film happen, as part of what even the Conservative-dominated Public Administration Committee has described as a "botched" bonfire of the quangos. Given that he cannot even say how much, if anything, this is going to cost, is it not typical of what the Government are doing in so many areas—ill considered, ill thought through, rushed and damaging?

Mr Maude: Just to be clear, the purpose of these reforms is to increase accountability. The Government will not simply create incontinently new independent bodies in order to avoid Ministers having to make and defend uncomfortable decisions. Ministers should be prepared to make those decisions and defend them themselves—that is what democratic accountability is about, and that is the primary aim. However, we will save money. The changes to the public body landscape planned and announced by the previous Government, of whom the right hon. Gentleman was such a distinguished ornament, were much more minor than the changes that we are undertaking. That Government claimed that those changes would save £500 million a year; our changes are much more radical and will save a great deal more.[1]

Gordon Banks: I will tell the Minister what the real effects of his proposals are going to be, according to the Public Accounts Committee. There will be no savings. In my constituency, between his actions on Consumer Focus and the Scottish National party's actions on Waterwatch Scotland, we have a shambles of job losses, reduced protection and no gains. Is the Minister going to be a man, step up to the plate and do the right thing, or continually try to defy gravity?

Mr Maude: It would be quite interesting to know which of our plans for reforming quangos the hon. Gentleman disagrees with. His own party had in its manifesto a commitment to cut the number of quangos. It had such plans when it was in government, but sadly, as with so much else, it did not give effect to them. We will save money, but much more importantly, we will increase accountability, which is what this is really all about.

Charlie Elphicke (Dover) (Con): Public expenditure by quangos includes expenditure on lobbying, which is an abuse of public money. Will Ministers ban quango lobbying?

Mr Maude: The code for public bodies already purports to make it impossible for quangos to employ lobbyists from outside in order to lobby the Government. However, that code has not been effective, and considerable amounts of taxpayers' money have been spent by public bodies, frequently in order to lobby the Government for them to spend more taxpayers' money. We will make absolutely certain that the code is watertight and that that becomes impossible.

Mr Mark Williams (Ceredigion) (LD): One of the list of quangos to be dealt with in the Public Bodies Bill is S4C. There is genuine anxiety in Wales about the future of S4C. Although there is a debate to be had about funding, can the Minister at least assure the House of S4C's continued existence?

Mr Maude: There is no question mark at all over the continued existence of S4C, which plays a valuable part in the life of the Principality. I will convey my hon. Friend's concerns to my right hon. Friend the Secretary of State for Wales. However, S4C appears in the Public Bodies Bill in the schedule to do with funding arrangements, and that has nothing to do with its continued existence. *[Interruption.]*

Mr Speaker: Order. There are far too many private conversations taking place in the Chamber, and far too much noise.

Social Enterprises

8. **Sheila Gilmore** (Edinburgh East) (Lab): What assessment he has made of the likely effects on the social enterprise sector of reductions in Government expenditure. [34287]

9. **Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): What assessment he has made of the likely effects on the social enterprise sector of reductions in Government expenditure. [34288]

11. **Mrs Mary Glindon** (North Tyneside) (Lab): What assessment he has made of the likely effects on the social enterprise sector of reductions in Government expenditure. [34291]

The Minister of State, Cabinet Office (Mr Oliver Letwin): There is no doubt that the cuts that we have had to make as a result of the huge deficits that were piled up in government by the colleagues of the hon. Member for Edinburgh East (Sheila Gilmore) have made and, in the immediate future, will make life difficult for some voluntary and community sector bodies, contrary to the way in which I was misrepresented by the hon.

1. *[Official Report, 2 February 2011, Vol. 522, c. 10MC.]*

Member for Hemsworth (Jon Trickett). However, we have put in place measures that will vastly increase the opportunities for voluntary and community bodies to participate in public service delivery and earn money by doing so, and we have established a £100 million transition fund.

Sheila Gilmore: Will the Minister explain to the House what discussions he has had with his Treasury colleagues about extending and reforming community interest tax relief, which many social enterprises want to happen? That might be a way to enable social enterprises to flourish, despite the reductions that are contemplated.

Mr Letwin: Tax relief is, of course, an issue for the Chancellor of the Exchequer at Budget time, and I would not dream of trampling on his front lawn. The hon. Lady should recognise two important facts. First, charities already receive about £3 billion in tax relief, including a VAT exemption for trading activities for their main purposes and gift aid. Secondly, we are reluctant to create an unlevel playing field between social enterprises that are not charities and the private sector, because we want to ensure that there is a fair contest between the two and that social enterprises are fully involved in competing for public service delivery.

Tom Blenkinsop: I take note of the Minister's reply. In opposition, he said that the creation of a social investment bank was a priority, and last July the Government said that such a bank would be making loans by this April. We now know that that will not happen until the end of 2011. Is he frustrated by the Government's dithering?

Mr Letwin: It is certainly true that we would like that to happen as fast as possible. We would have been much assisted in that if the previous Administration had not spent three years talking about it without setting up anything and without allocating any money to it. We have made arrangements for the bank to have some money. We hope to get more into it and to set it up in the very near future.

Mrs Glindon: Given what has been said by my two colleagues and the Minister, will he explain more fully what immediate help the Government will give to the voluntary sector to help it create more social enterprises?

Mr Letwin: I hope that the hon. Lady has already gathered that we are trying to do two things. The first is to provide immediate assistance to voluntary and community groups that have had a tough time because of the spending review. The transition fund of £100 million is open. We are waiting for the bids to be completed, and they will then be judged and money will be handed out. Secondly, we are opening a wide terrain of public service delivery functions that can be carried out by voluntary and community groups, resulting in a huge potential for them to earn.

National Citizen Service

10. **Bridget Phillipson** (Houghton and Sunderland South) (Lab): What steps he is taking to ensure that young people from disadvantaged backgrounds participate in the national citizen service. [34290]

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): One of the main aims of the national citizen service is to create a more cohesive society by mixing participants from different social backgrounds. To ensure that that happens, organisations bidding to deliver national citizen service pilots this summer were scrutinised on their plans for supporting the broadest possible range of young people to participate. A number of the organisations that were successful in bidding to run the pilots have a strong track record in working with young people from disadvantaged backgrounds and we will closely monitor the success of the pilots in working with those young people.

Bridget Phillipson: I am grateful to the Minister for that answer. Given that education maintenance allowance is being scrapped and that the Connexions service in my constituency faces huge cuts, how can disadvantaged young people in Houghton and Sunderland South be confident that they will benefit from the national citizen service?

Mr Maude: The hon. Lady will be glad to know that a number of NCS pilots are taking place in and around her constituency. The Prince's Trust is running a pilot in collaboration with local partners, including Sunderland football club, and Catch22 is running pilots in Sunderland and Washington. I hope that she will engage directly with those organisations to ensure that the widest possible range of participants is attracted to those pilots.

Big Society

12. **Lindsay Roy** (Glenrothes) (Lab): What assessment he has made of the effects on the big society initiative of the outcomes of the comprehensive spending review; and if he will make a statement. [34292]

The Minister of State, Cabinet Office (Mr Oliver Letwin): The hon. Gentleman was a distinguished head teacher in Scotland, I believe, and if his question relates to the effects in Scotland, he should of course address it to Scottish Ministers, as we do not have responsibility in that field.

For England, £470 million a year has been allocated to the Office for Civil Society, a considerable amount in light of the spending review. We have also allocated £100 million to the transition fund, and as I have mentioned repeatedly, there are huge new opportunities for voluntary bodies.

Lindsay Roy: I thank the Minister for his answer. Can he reassure me that ultimate responsibility for providing a safety net for the most vulnerable people in society still rests with the state?

Mr Letwin: Of course responsibility for ensuring that people are cured, taught and protected from criminals rests with the Government and the state. The question is how that responsibility is best fulfilled. In our view, there are some areas in which things should be done by innovative and enterprising voluntary and community groups, rather than being delivered directly by public authorities.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [34265] **Andrew George** (St Ives) (LD): If he will list his official engagements for Wednesday 19 January.

The Prime Minister (Mr David Cameron): This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Andrew George: The NHS is facing massive reorganisation, while at the same time seeking the greatest savings in its 62-year history. Respected professional medical bodies warn about the risks to public service of giving private companies the easy pickings. Before pursuing that gamble will the Prime Minister reflect carefully, informed by clinicians and the coalition programme that we agreed last May?

The Prime Minister: We will listen very carefully to the professionals, but the reason for making modernisation of the NHS such a priority is simply that this country now has European levels of health spending but does not have European levels of success in our health service. Of course, what we want is a level playing field for other organisations to come into the NHS. What we will not have is what we had from Labour, which was a rigged market.

Edward Miliband (Doncaster North) (Lab): Does the Prime Minister think it is a sign of success or failure that unemployment is rising and employment is falling?

The Prime Minister: Of course every increase in unemployment is a matter of huge concern, and that is why we are launching the biggest back-to-work programme that this country has ever seen, the Work programme.

There are some very disappointing figures today, particularly on youth unemployment, and I am sure we will talk about that in a moment, but there are some mixed pictures. The claimant count has gone down for the third month in a row, the number of vacancies is up and the average of the independent forecasts published today sees growth revised upwards. The biggest task for this Government, and frankly for this country, is to get to grips with the long-term structural problem of youth unemployment, which has been going up for years in our country and went up by 40% under Labour.

Edward Miliband: After that complacency, when 50,000 people have lost their job, it is no wonder they rumbled the Prime Minister in Oldham. The truth is that he is cutting too far and too fast, and British people are paying the price.

The Prime Minister mentioned youth unemployment. It is at its highest since 1992, yet he is abolishing the future jobs fund and the new programme does not even come into force until the middle of the year. After these figures, why does he not change his mind, reinstate the future jobs fund and help create an extra 100,000 jobs this year?

The Prime Minister: First, I think it is a good idea to listen to the answer before reading out the next question. Let me deal specifically with the future jobs fund. We looked very carefully at it and found that it was expensive, badly targeted and did not work. We now have the figures for the future jobs fund. It was five times more expensive than some other employment programmes, it lasted for six months and, within one month, 50% of those taking part were back on benefits. Hardly any of the jobs under the future jobs fund were in the private sector. The scheme in Birmingham, for instance, had just 2% of its jobs in the private sector. Far too many were make-work jobs in the public sector, and they were not solving the problem.

Jane Ellison (Battersea) (Con): This week, a parents' campaign group in Battersea moved a big step closer to starting a new free school. Their campaign is supported by Wandsworth council and enjoyed cross-party support before the general election. I hope that my right hon. Friend will join me not only in wishing the new Bolingbroke academy well but in saying to the unions and other people running a campaign of vilification against those parents that it is time to back off.

The Prime Minister: My hon. Friend speaks for many in supporting the opening up of our education system and saying to academies and free schools, "You are welcome to come in and provide a great education for free to children and parents in our country." I have to say that it is a very big choice for the Labour party whether it sticks with the programme of reform and opening up education, or whether it sides with the trade unions.

Q2. [34266] **Chris Bryant** (Rhondda) (Lab): Leaked figures that I have managed to get hold of show—[Hon. Members: "Oh!"] Calm down. The leaked figures show that police forces in Wales must cut their numbers by 1,600 police officers and staff. The South Wales police force told me this morning that in that one force 688 officers are going to have to disappear. The Prime Minister said on 2 May last year that he would outlaw any front-line cuts. Why is he backing down on his promise?

The Prime Minister: I find that the best way of calming down is by reading the hon. Gentleman's poetry—I find that very instructive. All police forces are facing a difficult financial settlement. I accept that. The context for all this is the vast budget deficit that we were left and the huge mess that we have to clear up. I have the figures for the South Wales police force. Next year, it must find a 5% cut. That will take it back not to some figure of the 1980s, but to the spending it had in 2007-08. Her Majesty's inspectorate of constabulary has said that it is quite possible to make those sorts of reductions—*[Interruption.]* If the hon. Gentleman asks a question, he should have the manners to listen to the answer. The fact is that HMIC said that it is possible to achieve those reductions while not losing front-line officers. That is what needs to be delivered.

Mr Julian Brazier (Canterbury) (Con): Does my right hon. Friend agree that the Government's social security reform programme is the first serious attempt since Beveridge to get back to the principle that—to coin a phrase—we should be offering people a hand up and not a handout?

The Prime Minister: My hon. Friend is entirely right. This is a very bold and radical reform that basically will mean that every single person who is on welfare will always be better off in work or always better off doing more hours of work. Even the Opposition would accept that so many reforms have simply moved the poverty trap up the income scale. We should always make it worth while for people to work harder or to work more, and that is what our reforms will do.

Q3. [34267] **David Simpson** (Upper Bann) (DUP): Fuel prices in Northern Ireland currently average 135p per litre and rising, forcing many motorists to go into the Republic of Ireland to fill their vehicles, which is a major loss to the British Exchequer. Because of the land border, will the Prime Minister consider introducing in Northern Ireland a rural rebate scheme similar to that in Scotland?

The Prime Minister: I understand the cross-border problem that the hon. Gentleman raises and that fuel smuggling between Northern Ireland and the Republic has been a real problem. The Chief Secretary to the Treasury would have heard him ask for the expansion of the scheme that was in the Budget. Obviously, we are looking hard at how we can help families and motorists with their fuel and motoring bills. However, I would say this: everyone should remember that the last four increases in fuel duty were all put through in the last Labour Budget.

Jake Berry (Rossendale and Darwen) (Con): I know that, like me, the Prime Minister is a fan of the teaching of British history in schools. Does he think that when the political history of the past 13 years is written, it will advise pupils to borrow, borrow and borrow through the boom, or will it advise them to learn from Labour's mistakes?

The Prime Minister: I hope we can get into the curriculum the idea that we should fix the roof while the sun is shining. What we heard at the weekend from the right hon. Member for Doncaster North (Edward Miliband) was interesting: he has now had nine months to digest Labour's mistakes, and he has come up with the answer that they did not spend too much and they did not borrow too much, and his message to the British people is, "Vote for me and we'd do it all over again."

Edward Miliband: Can the Prime Minister guarantee that under his NHS plans hospital waiting times will not rise?

The Prime Minister: We want waiting times and waiting lists to come down. *[Interruption.]* The whole aim of these NHS reforms is to make sure we get the value for the money we put in. *[Interruption.]* I have to ask the right hon. Gentleman this: it is clear now that Labour—*[Interruption.]*

Mr Speaker: Order. I apologise for interrupting the Prime Minister. A 10-year-old constituent of mine came to observe Prime Minister's questions last week, and asked me afterwards, "Why do so many people shout their heads off?" It is rude and it should not happen.

The Prime Minister: I would love to know what your answer was, Mr Speaker.

The point is this: we are putting the money in—£10.6 billion extra during this Parliament; money that, by the way, the Labour party does not support—but we want to get value for that money because, frankly, today we do not have the right outcomes for cancer and for heart disease. We want to do better. Is the right hon. Gentleman in favour of reform, or is he going to oppose it all?

Edward Miliband: I notice that the Prime Minister did not answer the question. Patients want to know something quite simple: how long will they have to wait for treatment? They all remember waiting for years under the last Conservative Government, and they know that we now have the shortest waiting times in history because of what the Labour Government did. If the Prime Minister thinks his reforms are so good, why cannot he give us a simple guarantee that waiting times will not rise?

The Prime Minister: Waiting times will rise if we stop putting the money into the NHS. The right hon. Gentleman's shadow Chancellor is not here today, but this is what he said about our plan to increase NHS spending by more than inflation every year: "There is no logic" or rationale to it. That is the answer: we get investment in the NHS from this coalition Government, but we would get cuts from the Labour party.

Edward Miliband: The Prime Minister cannot make a guarantee because he has abolished the guarantees. He has abolished the guarantees that Labour brought in, such as the 18-week waiting list guarantee. He is taking the "national" out of the national health service. Patients are worried, and doctors and nurses say his reforms are extremely risky and potentially disastrous. Why is he so arrogant as to think he is right and all the people who say he is wrong are wrong?

The Prime Minister: First, the right hon. Gentleman is simply wrong: the waiting time points he made are written into the NHS constitution and will stay under this Government. So, first of all, he is wrong. The second point is that we will not be able to get waiting times down and improve our public health in this country unless we cut bureaucracy in the NHS. That is what this is about. We are spending £1.4 billion—a one-off—to save £1.7 billion every year. That will save £5 billion by the end of this Parliament. If the right hon. Gentleman opposes the reforms, where will that money come from?

Edward Miliband: The Prime Minister has obviously not noticed that people are not convinced by his reforms. Even the GP sitting on his own Benches said this is like tossing a hand grenade into the NHS. Is not the truth that, just like on every other issue, we get broken promises from this Prime Minister? He is breaking his promise on no top-down reorganisation of the NHS; he is breaking his promise on a real-terms rise in NHS funding; he is breaking his promise for 3,000 more midwives; and he is breaking his promise to put patients first. It is the same old story: you can't trust the Tories on the NHS.

The Prime Minister: It is the same old feeble pre-scripted lines. The right hon. Gentleman practises them every

week; I am sure they sound fantastic when they are spoken before the bathroom mirror. The facts are these: this Government are putting the money into the NHS, but the Opposition do not support that; this Government are cutting the bureaucracy in the NHS, but they do not support that; and this Government are reforming the NHS so that we get the best in Europe, but they do not support that. So this is the right hon. Gentleman's policy: no to the money, keep the bureaucracy, do not reform the NHS. I would go back to the blank sheet of paper.

Bob Russell (Colchester) (LD): Prime Minister, our Government say that we want to help disabled people back to work. Two years ago, my constituent, Mr Robert Oxley, a father of four, had a serious motorcycle accident, which resulted in one leg being amputated and the other leg no longer functioning. A year later, he recovered and his firm gave him back his job, which he has been able to continue for a year through disability living allowance and Motability. Regrettably, those in charge, including callous cretins on the tribunal, have taken away his DLA and took away his Motability car on Monday, and he is now out of work—or he will be. May I ask the Prime Minister where in that story the words "fairness" and "all in it together" feature?

The Prime Minister: I am very happy to take up the hon. Gentleman's case. We have all seen cases in our constituencies where tribunals have come to conclusions that completely fly in the face of common sense. I am very happy to take up that case, have a look at it and see what can be done. We should do what we can to help disabled people, particularly with the mobility needs that they have. Having filled out those forms myself, I know just how soul destroying and complicated it can be and how much we need to help people who cannot get around to make sure that they do.

Q4. [34268] **Tony Lloyd** (Manchester Central) (Lab): The Prime Minister will be aware that my constituents in inner-city Manchester have some of the worst health and, brutally, die younger than people in other parts of the country. If he will not give a guarantee about waiting lists nationally, will he make a solemn and binding pledge to my constituents that at least in the inner cities waiting lists will not go up, either in number or in time?

The Prime Minister: The pledge I would make is this. As the hon. Gentleman has just revealed, we have health inequalities in our country that are as bad as those in Victorian times. Let us be frank: we have those after a decade of increased money going into the NHS and we are not getting it right. That is the reason for carrying out these reforms. If we just stay where we are, as seems now to be the policy of the Labour party, we will lag behind on cancer, we will lag behind on heart disease and his constituents will die younger than mine because we do not have a fair system. Let us reform it and sort it out.

Sir Peter Tapsell (Louth and Horncastle) (Con): Did my right hon. Friend tell the Prime Minister of France last week that Britain will never permit fiscal control of its economy by the European Union?

The Prime Minister: The short answer is yes.

Q5. [34269] **Helen Goodman** (Bishop Auckland) (Lab): The Prime Minister has repeated his claim that the Government are putting more money into the NHS, yet the County Durham and Darlington NHS Foundation Trust has been told that it must make cuts of 16% over the next four years. Why?

The Prime Minister: Let me remind the hon. Lady that her own shadow Chancellor said that there is "no logic"—*[Interruption.]* This is an answer. He said that there is "no logic" or rationale to our policy of real-terms increases in the NHS. What we are cutting in the NHS is the bureaucracy of the NHS. Since 2002, under Labour, the primary care trusts and the strategic health authorities increased their spending on themselves—on their bureaucracy—by 120%. We can go on spending this money and not put it into patient care and better public health, but I think that that is wrong. That is why we are making these changes.

Q6. [34270] **Mrs Anne Main** (St Albans) (Con): Severe disruptions to train services in the winter of 2009 led to David Quarmby carrying out an urgent service and severe weather audit. This winter saw massive disruption to services, with Network Rail leaving trains stranded south of the river, causing a 75% cut in peak services over Christmas for my constituents. What steps are the Government going to take to shake up Network Rail and bring about a radical improvement to our train services?

The Prime Minister: My hon. Friend makes a very good point and that is why my right hon. Friend the Secretary of State for Transport has commissioned an independent audit of how transport operations performed during the worst weather in December. We have to look at some particular issues, such as the frozen third rail that affected so many services. She is right to call to account Network Rail and the train operators. We want to make sure that they improve the service that they provide and the way in which they communicate with the public when things are not going right.

Q7. [34271] **Grahame M. Morris** (Easington) (Lab): Does the Prime Minister see the conflict of interest in private health care companies, which stand to benefit most from his health care reforms, donating £750,000 to the Conservative party? Is that what he means by "We are all in it together"?

The Prime Minister: Let me tell the hon. Gentleman the big difference between the health reforms that we are proposing and what the Labour Government did. The Labour Government rigged the market in favour of a few hand-picked independent private sector suppliers. That is what they did; what we are saying is that there should be a level playing field. Before the hon. Gentleman complains about it, he should have a look at his own party's manifesto—and I quote it almost directly—which said that the private sector should be allowed into the NHS alongside the NHS. Those are the words from the Labour manifesto, written by his right hon. Friend the Member for Doncaster North (Edward Miliband).

Damian Collins (Folkestone and Hythe) (Con): Will Tony Blair's correspondence with George Bush be published before Mr Blair's next appearance in front of the Iraq inquiry?

The Prime Minister: My hon. Friend will know that there is a long-standing convention, quite rightly, that a serving Prime Minister does not and cannot order the release of papers that refer to a previous Prime Minister. That is why the Cabinet Secretary will be looking at this issue, which is a matter for him. Anyone unhappy with the conclusions is clearly able to write to Tony Blair to make their views known. For my own part, I hope this inquiry can be as open and clear as possible so that we get to the bottom of the very important issues it is looking at.

Q8. [34272] **Lindsay Roy** (Glenrothes) (Lab): As the Prime Minister will be aware, I spent most of my working life in schools and colleges, so I have overwhelming evidence of the benefits of the education maintenance allowance. It brings benefits to teenagers from modest backgrounds in terms of their employability skills and in raising their achievement. May I urge the Prime Minister to go back to the position when he pledged to support EMA, so that we can support our economy as we move forward?

The Prime Minister: As the hon. Gentleman knows, the problem is that we want more people to stay on in school, but we have to look at the working of the current system. The Labour Government commissioned research and found that 90% of those on EMA would have attended school in any event. We also have to look at the context in which EMA was introduced into this country. Let me cite what the hon. Gentleman's parliamentary colleague, the former Prime Minister said at the time:

"We will fund this major advance in educational opportunity from savings that we have made from our success in reducing... debt."—[*Official Report*, 15 July 2002; Vol. 389, c. 29.]

Is it any surprise that we are having to look at these spending programmes and work out how to get better value for money to clear up the mess we have been left?

Q9. [34273] **Ms Louise Bagshawe** (Corby) (Con): My constituents in Corby and East Northamptonshire are still suffering today from the disastrous top-down housing targets imposed by the Labour Government. Can my right hon. Friend assure me that the Localism Bill will restore planning power to local people in Corby and east Northamptonshire?

The Prime Minister: I can give my hon. Friend that assurance. The failure of top-down housing targets was that they not only created huge unease around the country but did not result in the building of very many houses, as house building fell to such a low level. Our more local version will make sure that where councils go ahead and build houses, they will benefit from doing so.

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): While we all welcome the comparative calm during the referendum in southern Sudan, does the right hon. Gentleman accept that hundreds of thousands of southerners are seeking to move back home from the north? Will he ensure that they have the maximum protection as well as the maximum of humanitarian aid?

The Prime Minister: I think the right hon. Gentleman is quite right to highlight what a relative success the process has been so far, given some of the warnings made about the dangers of the referendum and the process being followed. Part of the reason for that—I pay tribute to previous Governments as well—is that the countries that care about the Sudan and want this to work well have put in a huge amount of effort. I include my right hon. Friend the Foreign Secretary, who chaired the key meeting on the subject at the United Nations. I will certainly listen to what was said, and we should make sure that the movement of people is carried out in the best way possible.

Q10. [34274] **Mr Lee Scott** (Ilford North) (Con): Does my right hon. Friend agree that as part of the NHS reforms we must tackle straight away the fact that senior management in both NHS trusts and primary care trusts are being rewarded for failure by being promoted or given large pay-offs and that it should stop now?

The Prime Minister: My hon. Friend is entirely right. There have been too many occasions on which a manager in the NHS has failed in one PCT or strategic health authority and gone on and failed in another. One answer to this issue is the greater transparency that we are bringing to all such arrangements so that people can see how much they are paid, what the results are and how successful they were before they go on and land another well-paid job.

Naomi Long (Belfast East) (Alliance): The Government announced this week that they will not extend to Northern Ireland the UK rules on political party donations at this time. Will the Prime Minister clarify what was the greatest driver for that decision? Was it the security concerns or the lobbying of local parties that simply do not want to be exposed to transparency?

The Prime Minister: I will look carefully at what the hon. Lady says. The security situation in Northern Ireland is a very difficult and sensitive one at the moment and the Government are giving it a huge amount of time and attention to try to help the devolved authorities in everything they are doing to combat the terrorist threat, but in terms of the specific question she asks perhaps I can write to her and give her a considered response.

Q11. [34275] **Tony Baldry** (Banbury) (Con): My right hon. Friend will be aware that there have been some pretty disgraceful delaying and filibustering tactics at the other end of the corridor in an attempt to delay the introduction of the Parliamentary Voting System and Constituencies Bill. Will he assure the House that the Government will make no concessions to those who filibuster?

The Prime Minister: My hon. Friend is entirely right: we should not make concessions to a bunch, mainly of former MPs, who are supposed to be supporting the right hon. Member for Doncaster North (Edward Miliband), who wants the AV referendum to take place. I have to ask him how, if he is so in favour of the referendum and thinks it so important and so wants to stand on a platform, he has lost control of his party?

Q12. [34276] **Nick Smith** (Blaenau Gwent) (Lab): Owens Road Services, a haulier from south Wales working in Blaenau Gwent, has a fleet of 270 lorries. Last year, it bought nearly 11 million litres of fuel, paying more than £6 million in fuel duty, and it has shouldered a 14% increase in fuel bills in the past year. What is the Prime Minister going to do about high fuel bills?

The Prime Minister: Let me make two points to the hon. Gentleman. First, there is the point that the fuel duty increases were all part of the previous Labour Government's Budget. *[Interruption.]* It is no good hon. Members shaking their heads; they all supported the Budget and voted for it at the time. However, there is another answer, which is that we should look at Britain's hauliers and see how we can help them with a discount for those that are British-based. We are looking into that and at what can be done, because for many years British hauliers have been disadvantaged against their continental counterparts and we would like to put that right.

Gordon Birtwistle (Burnley) (LD): Does the Prime Minister agree that what has happened in Burnley with the closure of our accident and emergency unit and the transfer of a children's ward to Blackburn will not happen when people power takes over, with our GPs, to change the national health service?

The Prime Minister: The hon. Gentleman is entirely right. Under the previous Government and the previous arrangements, hospital closures and decisions were driven by bureaucrats in Whitehall, strategic health authorities and PCTs, and they did not depend on decisions that patients and GPs were making about the structure of health services in this country. That is the big change we are making. In future, the success of hospitals and health centres will depend on the choices that people make with their GP; that is the big change and it will drive a better health service.

Q13. [34277] **Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): The north-east illegal moneylending team has a record of catching loan sharks and setting up credit unions in Easterside, Middlesbrough to encourage saving and safe lending. Worryingly, after all that hard work, the Department for Communities and Local Government website has signposted vulnerable people to loan companies offering rates of up to 2,689% APR. In the light of that, will the Prime Minister please meet me to review his decision on the closure of that team?

The Prime Minister: I am very happy to arrange a meeting between the hon. Gentleman and the DCLG to discuss this issue. I think there is unity across the House that we should try to encourage credit unions and try to get people out of the hands of loan sharks. That is our policy and that is what we want to do, so I shall happily arrange that meeting.

Q14. [34278] **Mr John Whittingdale** (Maldon) (Con): I very much welcome my right hon. Friend's comments earlier about the Localism Bill. Can he confirm that its provisions will apply to applications for onshore wind farms such as those on the Dengie peninsula in my constituency? One of them has already been described as harmful to the local environment, and it is deeply unpopular with the local community.

The Prime Minister: I can give my hon. Friend a positive answer. The Localism Bill addresses that issue. As well as doing that, it is important that where local communities are affected by things such as onshore wind, they should make sure that they benefit from those developments. The Localism Bill brings a whole new approach that will much better settle this difficult debate than what has been done until now.

Q15. [34279] **Clive Efford** (Eltham) (Lab): Today, there is an order before Parliament to proscribe the TTP—Tehrik-e Taliban Pakistan—the Pakistan Taliban. Just one week into the term of office of the Prime Minister's predecessor, my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown), the right hon. Gentleman demanded to know why my right hon. Friend had not proscribed Hizb ut-Tahrir. Just eight months into the Prime Minister's term of office, can he explain to the House why he has not fulfilled his manifesto commitment?

The Prime Minister: We could put it another way round: why did the last Government have 13 years, yet the Pakistani Taliban were never banned? It has taken us eight months to do what they failed to do in 12 years.

Several hon. Members *rose—*

Mr Speaker: Order. We now have a statement. I ask right hon. and hon. Members who are leaving the Chamber to do so quickly and quietly, so that we can hear the Minister.

Sustainable Transport

12.31 pm

The Parliamentary Under-Secretary of State for Transport (Norman Baker): With your permission, Mr Speaker, I shall make a statement to accompany the publication today of the coalition Government's White Paper on local transport, and the simultaneous publication of bidding guidance to accompany our new local sustainable transport fund. Both documents are available to colleagues in the Vote Office and have been placed in the Library of the House.

This Government's vision is for a transport system that helps create growth in the economy, and tackles climate change by cutting our carbon emissions. The launch of the White Paper, and the associated local sustainable transport fund, represents a significant step towards meeting those two key Government objectives.

In both the Budget and the spending review, the Chancellor pledged to make the tough choices that will allow us to maintain investment in new and existing infrastructure to support a growing economy, while eliminating the structural deficit over the lifetime of the Parliament. The spending review reflected transport's vital role in this. I am pleased that we were able to secure significant investment to allow us to go ahead with important transport initiatives. The investment we have committed to in rail, low-carbon vehicles and public and sustainable transport reflects the determination to secure growth while cutting carbon.

In the medium term, our transport decarbonisation strategy centres on the progressive electrification of the passenger car fleet, supported by policies to increase generation capacity and decarbonise the grid. By also prioritising spending on key rail projects such as high-speed rail and rail electrification, we will be providing travellers with attractive new options instead of the plane and the car.

In the immediate term, addressing shorter, local trips offers huge potential in helping to grow the economy and tackle climate change. Shorter trips are important—two thirds of all journeys are less than five miles. Walking, cycling and public transport are all real, greener alternatives for such trips. What is more, we know that people who travel to the shops on foot, by bicycle or by public transport can spend more per head than those who travel by car, and research shows that improvements to the public realm can increase turnover in the high street by 5% to 15%. Increased sustainable travel also helps tackle congestion, which is a drag on business causing excess delays in urban areas at a cost of around £11 billion per annum.

Let us not forget the further benefits that follow a shift to more sustainable transport—benefits to the air we breathe and to our levels of fitness, and the money in our pockets as well. Investment in sustainable transport helps make our towns and cities healthier and more attractive places to live, work and shop.

The White Paper sets out how we can encourage the uptake of more sustainable modes at local level, and the unprecedented £560 million we have allocated in our new local sustainable transport fund will support that. Our commitment to helping local authorities with this vital agenda is reaffirmed by the amount of money we are making available. The local sustainable transport fund forms part of a wider picture of more streamlined and simplified funding for local authorities. That will give local authorities more power and flexibility to meet local transport needs.

Across Government, we have demonstrated our commitment to ending top-down decision making and the tendency in Whitehall to develop one-size-fits-all solutions that ignore the specific needs and behaviour patterns of local communities. The Government have already taken significant steps to hand back power to local communities, including replacing regional development agencies with local enterprise partnerships, giving communities a much greater say over planning decisions and ending the top-down imposition of housing targets. Today's White Paper is about extending the decentralisation of power to local transport and putting into context what that means for local authorities.

We are particularly keen to receive bids for the local sustainable transport fund from local authorities that are in partnership with the voluntary, community and social enterprise sector, and that have the support of local businesses. We believe that by encouraging bids in this way, we will be able to capture innovative solutions to local transport needs in all areas—rural and urban. An example I often cite is the Cuckmere community bus in my constituency. Individual residents in Cuckmere valley have come together to run regular and frequent bus services that take people in rural areas to their nearest towns. The services are provided entirely by volunteers. Wheels to Work schemes provide transport to people who are unable to access training, employment or education due to a lack of suitable public or private transport. The schemes can therefore particularly benefit people living in isolated rural communities, and they can play an important role in helping people to come off benefits and regain their independence. Those real examples are happening right now, and we want to enable similar stories to unfold in other areas across the country.

In addition, we recognise that some initiatives benefit from a single national approach. They include the provision of £11 million of funding for Bikeability cycle training next year to allow 275,000 10 to 11-year-olds to benefit from on-road cycle training. There is a commitment to support Bikeability for the duration of the Parliament, which will allow as many children as possible to undertake high-quality cycle training.

We will also improve end-to-end journeys by encouraging transport operators, and those involved in promoting cycling and car clubs or sharing, to work together to provide better information and integrate tickets and timetables. We are delivering with operators and public sector bodies the infrastructure to enable most local public transport journeys to be undertaken using smart ticketing by December 2014. We will work with the transport industry to support the development of e-purses and other technology related to smart ticketing, and we will support the infrastructure to make that happen. The way in which transport investment decisions are made will be reviewed to ensure that the carbon implications are fully recognised. Responsibility for local roads classification will be transferred to local authorities to give them the flexibility to determine the status of their roads. We will also be setting out in a strategic framework for road safety by spring 2011 how to ensure that Britain's roads remain the world's safest. Traffic signs policy will be modernised to provide more flexibility

[Norman Baker]

and reduced costs and bureaucracy for local authorities to enable them to develop innovative traffic management solutions.

We want to build a transport system that is an engine for economic growth, and also one that is greener—one that creates growth and cuts carbon. By improving the links that move goods and people around, by encouraging people to travel sustainably, and by targeting investment in new projects that promote green growth, we can help to build the balanced, dynamic low-carbon economy that is essential for our future prosperity. The White Paper and the associated local sustainable transport fund demonstrate our commitment to taking that agenda forward, and I commend them to the House.

Maria Eagle (Garston and Halewood) (Lab): I thank the Minister for forwarding me a copy of his statement earlier today. However, I am afraid that he has given us nothing more than a re-heated and re-packaged announcement to cover his embarrassment at the devastating impact that the speed and scale of his Government's cuts is having on local transport throughout the country. Despite all his warm words about the importance of local transport, this Tory-led Government, of whom he is a hostage, are decimating bus services, putting rail travel out of the price range of many and crippling local government's ability to deliver vital local transport improvements.

The hon. Gentleman talks of his "new" £560 million local sustainable transport fund, yet he knows full well that the fund, which he announced in the comprehensive spending review, is a sticking plaster over the gaping hole left by his massive 28% cut to local government transport spending. Will he confirm that while he is front-loading the cuts, he is providing only £30 million of capital spending and £50 million of revenue spending for the next financial year, which in effect means that local government transport was cut by £309 million this year, and he is giving back £80 million next year? It is no wonder that he told *The Daily Telegraph*:

"I don't like George Osborne very much".

For all the Under-Secretary's good intentions and personal commitment to sustainable transport, is he not operating with one hand tied behind his back—doubtless tied there by the Chancellor and the Secretary of State for Communities and Local Government? Now we know who he was talking about when he told *The Daily Telegraph*:

"I mean, there are Tories who are quite good and there are Tories who are, you know, beyond the pale, and, you know, you have to just deal with the cards you've got".

The truth is that the Under-Secretary has had a bad hand to play—a Budget settlement that will mean a significant reversal of the improvements in sustainable local transport schemes that were made during Labour's period in office.

Does the Under-Secretary have any idea about what is actually happening to public transport around the country as a result of his policies? Does he realise that the 20% cut to the bus service operator grant, combined with changes to the concessionary fares scheme, is having a devastating impact on local bus services? With fuel prices at record levels, does he understand the impact of cutting the fuel cost subsidy on enabling bus operators to sustain unprofitable services?

Has the hon. Gentleman seen today's reports that councils throughout the country are withdrawing services? Half the subsidised services are being axed in Somerset; more than 70 rural services are being scrapped or reduced in Durham; nearly 30 services are threatened in North Yorkshire; and 60 are being reviewed in Suffolk, while Kent has warned that all unprofitable routes will be axed. Does he have any idea of the social consequences of those cuts?

Has the Under-Secretary seen this week's report from the Association of Colleges, which shows that 94% of colleges believe that the combination of scrapping education maintenance allowance and cutting local transport means that students will be unable to get to college and therefore unable to complete their courses? It is all well and good the Government's telling people to get on the bus to find work, but they have to be able to afford to do that, and the buses have to be there. The impact of the cuts will be especially felt by those who are out of work and looking for a job, two thirds of whom do not have a driving licence or access to a car.

Does the Under-Secretary agree that all his good intentions are undermined when he prices people off the roads and off local public transport? Is he aware that his Department's figures show that, without the bus service operator grant, there could be a 6.5% increase in fares and consequently a 6.7% fall in bus usage? He should be aware of it, because he signed off the parliamentary answer that gave the figures.

Does the hon. Gentleman realise that, by hiking rail fares by more than 30% across the spending review period, he is driving people off the railways and back on to the roads? *[Interruption.]* Instead of whispering in the Under-Secretary's ear, the Secretary of State could have delivered the statement himself. Before the election, the Under-Secretary was going around the country, promising to cut rail fares. Now he is overseeing record increases. Does he understand that people will find his claims about investment in rail hollow at best when he has scaled back the planned electrification, cut the number of new carriages, and delayed the completion of major vital schemes, such as Thameslink and Crossrail? Does he accept that the consequence of hiking the costs of using public transport will force people back on to the roads, where they will be hit again by rising fuel prices, thanks to the increase in VAT on fuel to 20%? He is adding to the pressures faced by families who are already feeling the squeeze.

The Tory-led Government, of whom the Under-Secretary appears to be a frustrated and reluctant member, are reducing the amount of funding for local government transport schemes by more than a quarter. They claim to be green, to care about sustainability, to want to support public transport and to believe in localism, yet they give back with one hand to local communities today a fraction of what they have already taken away with the other. For all the warm words today and everything positive in the White Paper, we are seeing the localising not of transport decisions but of the blame for the Government's cuts to local transport.

Norman Baker: I am afraid that the hon. Lady was her usual churlish self. There was not a single practical suggestion on how we might improve sustainable transport, and not a single admission that the deficit has caused any of the problems with which we are dealing. If I may

say so, having had plenty of experience in opposition, the skill of opposition is not to oppose everything indiscriminately, 100%; it is about making positive suggestions as well as identifying problems. I am afraid that she has to learn a bit about opposition, as well as about other matters, perhaps, to do with how her party operates. She ought to be taking fewer lessons from Tom Baldwin about what language to use, and should concentrate more on transport matters, rather than on spin, as still happens with the Opposition, it seems.

The fact of the matter is that £560 million is a very substantial sum to invest in this area. We did so because we were interested in creating growth and cutting carbon—two matters that appear to be of little interest to the hon. Lady, judging by her peroration. I looked at the figures for sustainable transport grants for 2010-11—money spent in the Labour Government's last year on cycling, school travel, smart ticketing and so on. It came to £120 million for that year. Next year, 2012, we will spend £140 million on the local sustainable transport fund, and that will rise to £180 million by 2014-15.

I point out that the previous Government's spending was characterised by wasting money on reports, tick-box exercises and setting targets that were never met. For example, £150 million was spent on the travelling to school initiative, and the final evaluation report, which I shall publish next week, shows it to be very poor value for money indeed, in terms of changing behaviour in any shape or form. Our approach is different: set a clear vision to empower local authorities, and provide them with the funds to get on with the job that they need to do.

As for the matters that the hon. Lady actually raised, if I can discern any in her diatribe, the bus service operators grant, to which she referred, is not being cut this year; it will be reduced from the following year, and the reduction is less than the average reduction in revenue budgets across Government. She will know that the Confederation of Passenger Transport, which represents most bus companies, said that it thought, by and large, that the reduction could be absorbed without fares having to rise. She also pays no attention to the fact that the vast majority of bus services are commercially driven, so what councils have or do not have is irrelevant to the majority of the bus network in this country.

The hon. Lady paid no attention to the very good initiatives taking place, some of which I referred to in my statement. An example is the Wheels to Work initiative, which is busy giving people the opportunity to get back into work on a lower-carbon means of transport, helping the economy to grow, helping people out of unemployment, and helping to reduce carbon emissions at the same time.

I am very sorry that the hon. Lady chose to be so negative when the proposals were put forward, because if she listens to some of her party's Back Benchers, she might find that there are matters in the statement that are welcomed by Members in all sections of the House.

Several hon. Members *rose—*

Mr Speaker: Order. A great many right hon. and hon. Members are seeking to catch my eye, but I remind the House that there is a heavily subscribed Opposition day debate to follow, and there is therefore a premium on time, so brevity from Back Bencher and Front Bencher alike is essential if large numbers of colleagues are not to be disappointed.

Jason McCartney (Colne Valley) (Con): I welcome the Minister's statement, particularly the details of the local sustainable transport fund. Three Holme Valley councillors wrote to him last week, telling him that First Bus has recently cut local bus services in Holme Valley, leaving many people without much-needed rural bus transport. Will he meet those councillors, some local people and me to see how the announcement today can help to give them the services that they need in their local area?

Norman Baker: I am grateful for that positive intervention from my hon. Friend, who recognises that working together—working with other Members of Parliament and with local councils—can help. Of course, I would be happy to meet him and his councillors.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I welcome the emphasis on sustainable local transport, but could the Minister explain how local needs will be met, as the fund partially replaces major cuts in local transport funding, where decisions are made locally, with centralised decision making in a competitive system?

Norman Baker: The Government are entitled to set high-level strategy targets to help create growth and cut carbon, but beyond that we are making powers available to local councils to a greater extent than hitherto. For example, the Department for Transport operated 26 funding streams for transport under the previous Government; that has been reduced to four. In respect of the local sustainable transport fund, to which the hon. Lady refers, I can assure her that the assessment process will be very light touch, with a view to getting local authorities' money out there as soon as possible to help with their plans. Provided that they can demonstrate that they will create growth and cut carbon, we will be happy with what they put forward.

Martin Horwood (Cheltenham) (LD): I am sure that my hon. Friend will join me in congratulating British companies such as Transport Design International, which designs cheap, green, popular, ultra-light trams. Does he, like me, regret that most of its designs are currently going overseas, and hope that some of the very welcome funds that he has announced today could be used to support innovative ultra-light tram systems at local level?

Norman Baker: As my hon. Friend knows, the Government support light rail. In the spending review we announced extensions to the schemes in Nottingham and the Midland Metro. We are always open to ideas that will benefit people by providing extra public transport and which reduce carbon emissions. With my right hon. Friend the Minister of State, who has responsibility for rail, we are discussing, for example, issues related to tram-trains. We are keen to take that agenda forward.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): In Newcastle, bus transport is an essential and valued part of our economic infrastructure, but in the evening many services stop, leaving the vulnerable, particularly women, unable to use public transport at night and forcing many to use cars, which is unsustainable.

[Chi Onwurah]

The White Paper and the cuts to the subsidy for bus transport do nothing to address the issue. The Minister spoke about volunteers. Can he outline how he expects volunteers to play a role in giving Newcastle evening bus transport?

Norman Baker: The hon. Lady raises a valid point about safety on buses and the accessibility of those bus services in the evening. Depending on the ingenuity of the local city council and others, it is perfectly possible that measures could be taken to improve that. For example, end-to-end journeys, joined-up transport, through-ticketing and the safety of bus stations could all, in theory, be eligible for grants under the fund, so I encourage her to talk to her local council and see whether she can come up with a scheme for submission.

Mike Freer (Finchley and Golders Green) (Con): Yesterday, I visited Menorah primary school in my constituency. Its green travel plan is being hampered by the lack of electric charging points. Can the Minister confirm that the local council could bid for transport fund moneys to introduce the infrastructure that would allow an expansion of electric charging points?

Norman Baker: We are open to bids and we have no preconceptions about what those bids would include. Providing that they demonstrate that they create growth and cut carbon, we are open to suggestions. As the hon. Gentleman knows, under this Government the Secretary of State has been personally involved in moving on plug-in places. We see that as a key element of the future of transport in our country.

Caroline Lucas (Brighton, Pavilion) (Green): Public transport in this country remains more expensive than almost anywhere else in Europe, yet the service that people get is one of the worst. What would the Minister tell my constituents in Brighton, Pavilion who struggle daily with poor, expensive and crowded rail services?

Norman Baker: I am familiar with Brighton, as the hon. Lady knows. I would say that the public transport system in her constituency is extremely good. Brighton and Hove Bus and Coach Company is one of the best bus companies in the country, and Southern has invested recently in new rolling stock and is one of the better train companies. The frequency of services will be further enhanced by the Thameslink programme and the Government are committed to 2,100 new railway carriages, so people in Brighton and on the south coast can have confidence that the public transport system is serving them well.

Iain Stewart (Milton Keynes South) (Con): I welcome my hon. Friend's statement. It is timely for my constituency, as Milton Keynes council is consulting on local transport needs and priorities in the coming years. To ensure that that consultation is properly aligned with the new fund, will he say a little more about its time scale and the greater flexibility that local authorities will have?

Norman Baker: The guidance for the bidding process has also been released today and is available to Members in the Vote Office. Essentially, there are two bidding rounds for smaller scale projects of up to £5 million and another bidding round for larger projects of up to £50 million. The objective is to make them as quick and as easy as possible, subject to securing value for money and making sure that the money can be released as a consequence of that. The shorter projects will be progressed more quickly than the larger projects, but the time scale has been made available as part of the guidance.

Ian Austin (Dudley North) (Lab): I was interested to hear in the statement about the funding for Bikeability, but members of British Cycling, like me, will want to know whether the Minister will take this opportunity to update the out-of-date transport regulations that are hampering the growth of the sport on the road.

Norman Baker: I am happy to say that the Government are fully committed to cycling. It features in the coalition agreement and the hon. Gentleman will have noticed the reference to £11 million for Bikeability this year and a further guarantee for the rest of the Parliament, for example. In respect of the specific issue that the hon. Gentleman raises about racing on the road, I am happy to tell him that I had a meeting earlier this week with officials and key interested parties, and we are close to moving that forward to a satisfactory solution.

Mr Adrian Sanders (Torbay) (LD): As the Minister knows, cycle and bus usage tends not to follow local government boundaries. Will the guidance in the scheme encourage cross-border bids, such as to turn the A380 between Newton Abbot and Torquay into a cycle-bus expressway once the Kingskerswell bypass has been built?

Norman Baker: I congratulate my hon. Friend on managing to introduce his proposed bypass into the question. The answer to the question about the guidance is yes, it expressly allows councils to work together across boundaries. Indeed, it encourages them to do so.

Kerry McCarthy (Bristol East) (Lab): Happy birthday, Mr Speaker. Has the Minister had an opportunity to discuss with his Liberal Democrat colleagues on Bristol city council the contribution that the Severn Beach railway line makes towards the sustainable local transport system? May I urge him to do all he can to work with them to ensure the survival of the Severn Beach line?

Norman Baker: I am happy to tell the hon. Lady that I shall be in Bristol tomorrow, so I will have an opportunity to take that forward then.

Jesse Norman (Hereford and South Herefordshire) (Con): Happy birthday, Mr Speaker. I welcome the focus on and the new funding for sustainable local transport that the Minister described. There is a particular issue of transport for people in rural areas, such as mine in Herefordshire. Will the Minister meet a delegation from Herefordshire to discuss this important local issue?

Norman Baker: My right hon. Friend the Minister of State and I shall be happy to meet a delegation. We are conscious of the need to recognise the importance of rural areas. That is why the White Paper today and the

associated guidance gives indications to rural counties in particular how they might be successful in the bidding process.

Mr Speaker: Order. I am grateful to the House, but I have probably had enough birthday wishes. I am very thankful.

Jim Shannon (Strangford) (DUP): I welcome the Government's commitment to the reduction in carbon emissions. That is good news. In better weather conditions it would be more attractive to walk or to use a bicycle. The Minister outlined a number of incentives to draw people away from cars and encourage them to use alternative transport, but at a time when fuel prices are coming to their highest level and transport charges are rising and are set to rise again, is there not a balance to be struck between the carrot and the stick approach? Can he tell us how he proposes to get people out of cars and on to alternative transport?

Norman Baker: I should make it plain that the local transport White Paper relates to England only, but it is reasonable to draw attention to that matter. One of the ways that we encourage use of public transport is making it more attractive by making it safer and more convenient. We are doing a lot of work, for example, on through-ticketing and on smart ticketing, as all the evidence suggests that if people have confidence that they can leave their front door and arrive at their destination without worrying about the last two miles, they are more likely to use public transport for the majority of the journey. A great deal of work is being done on that. Making public transport attractive is a key to achieving modal shift.

Mr Speaker: I call Richard Harrington.

Richard Harrington (Watford) (Con): What an excellent way for you to remember this special day, Mr Speaker, by calling me to ask a question.

I commend the Minister for the statement. In my constituency, we have two schemes that are before the Department. As far as I can see, they are entirely compatible with creating growth and cutting carbon through their benefits to the local economy and taking people off the roads. Those are the Croxley rail link project and the Watford junction project. May we have a decision on them as soon as possible? I hope that my hon. Friend will be favourably inclined to grant them.

Norman Baker: I congratulate my hon. Friend on managing to link that to the statement. I can assure him that the matters to which he refers are under active consideration. A timetable has been published and we will shortly be able to give him and others in the House detailed information about the decisions to be taken.

Mr Ronnie Campbell (Blyth Valley) (Lab): Has the Minister had time to look at the Blyth and Tyne rail link that runs through my constituency and that of my hon. Friend the Member for Wansbeck (Ian Lavery)? The line is used principally by Alcan and for coal. It is a shame that it is not used for transport in our area of south-east Northumberland. Will the Minister look into that?

Norman Baker: We are always happy to look at potential public transport improvements. I am not familiar with that line myself, but my right hon. Friend the Minister of State who has responsibility for rail is sitting next to me and has carefully noted the hon. Gentleman's comments.

Stephen Williams (Bristol West) (LD): Penblwydd hapus, Mr. Speaker.

I am sure that when the Minister visits Bristol tomorrow he will receive a warm welcome from people from all parties. If he is travelling by train to Bristol Temple Meads, he may be disturbed by the cost of the bus service into the city. Does he agree that to address the huge potential for shorter journeys that he mentions in his statement we need seriously to address the cost of a single bus journey from a main railway station?

Norman Baker: I absolutely agree with that. From memory, the train company that operates in Bristol is the same one that operates the bus service, and it is in the commercial interests of FirstGroup to ensure that the bus is attractively priced to encourage a through journey by rail and bus, rather than encouraging people to drive the whole way, which may be the consequence of that particular pricing policy.

Clive Efford (Eltham) (Lab): One issue that neither the Government nor the Mayor of London's office can continue to ignore is the daily congestion at the Blackwall tunnel and the need for a third crossing to relieve that congestion. If there is the slightest incident, the whole of east London and south-east London comes to a standstill. Will the Minister ensure that in every future discussion between the Mayor's office and his Department, that issue is on the agenda, because we cannot continue with this logjam in our capital city?

Norman Baker: I understand that additional capacity is being considered by the Under-Secretary of State for Transport, my hon. Friend the Member for Hemel Hempstead (Mike Penning), but the hon. Gentleman will appreciate that London falls outside the White Paper's remit.

Dr Sarah Wollaston (Totnes) (Con): May I join the hon. Member for Torbay (Mr Sanders) in recommending the expressway along Kingskerswell for a bus and cycle route? I welcome the local sustainable transport fund. Will the Minister meet a delegation from Littlehempston and Totnes, to consider not just how funding is crucial in advancing cycling schemes, but also some of the unnecessary roadblocks that such schemes come up against?

Norman Baker: It is often the roadblocks, as my hon. Friend puts it, the pinch points, that cause disruption to the transport system, congestion and unnecessary carbon emissions. It is certainly important to deal with such issues, and the fund that I am announcing today is well designed to do that. Of course, I will be happy to meet her and her colleagues.

Ann Coffey (Stockport) (Lab): Will the Minister be a little more specific and say in what way his policy will improve bus services in Greater Manchester and make them more responsive to my constituents' needs?

Norman Baker: This is not a top-down approach. We are setting high-level targets for local authorities to create growth and cut carbon, and we are leaving it to them to come up with the solutions that fit their patch. The answer for Manchester will be very different from the answer for Bristol, so it is not for me or other Ministers to say what is best for Manchester. Our job is to set the vision and to provide the money and let local councils get on with it. If Manchester wants to come up with something that helps bus services in that way, it is welcome to do so.

Julian Sturdy (York Outer) (Con): I, too, welcome the statement. One of the key elements to encouraging economic growth in York is cutting traffic congestion, and the Minister recently visited York to look at the park and ride sites across the city. Will he outline in further detail how the new fund will encourage such projects?

Norman Baker: It certainly can encourage such projects. As I said in my previous answer, it is up to the local council to come up with a scheme that meets those objectives. I very much hope that my hon. Friend will pursue those objectives, which seem quite sensible, with the local council, and suggest that it submits a bid.

Julie Hilling (Bolton West) (Lab): As the Minister will know, three times as much money is spent on public transport in the south as in the north. Will this programme do anything to redress that balance?

Norman Baker: Obviously, the population of the south is different from that in the north, which is one factor in question. We are keen to ensure that we achieve the two targets of creating growth and cutting carbon, and we also recognise that there are particular areas where unemployment is a problem, which we are keen to help as far as possible, so we will bear those factors in mind when bids come in. We certainly want to see a reasonable balance to the money that is distributed.

Andrew Bingham (High Peak) (Con): My hon. Friend has already agreed to visit the High Peak to discuss the Mottram-Tintwistle bypass—a visit that we are all looking forward to with great anticipation. While in the High Peak, will he meet officials from our local authorities to discuss the best way in which they can take advantage of the new local sustainable transport fund?

Norman Baker: I fear that my diary is filling up, but yes, I will be happy to do so.

Sheila Gilmore (Edinburgh East) (Lab): I welcome the commitment to continue funding cycle training for young people, but one of the things that puts families and children off cycling is the lack of cycle routes, both on-road and off-road, that are properly safeguarded. Will the Minister consider prioritising that from central funding to ensure that the training leads to actual cycling?

Norman Baker: It is certainly true that in this country 43% of people have a bicycle and only 2% of journeys are made by bike, which suggests that there are bars to people cycling which they wish to overcome, having bought the bicycle in the first place. People often feel safer off-road than they do on-road, so the creation of cycle paths can be particularly useful. I am thinking of safe routes to school in particular, and I hope that local authorities will want to consider such schemes when submitting bids to the Department. As well as the money for Bikeability for this year, in 2011-12 we are also providing £30 million from the centre for links to schools, for bike club, bike it, and walking to school initiatives.

John Pugh (Southport) (LD): What impact, if any, does today's announcement have on the development of small-scale rail extensions, such as the Burscough curves? We have hoped for very little and got very little.

Norman Baker: The fund is not designed to reinstate railway schemes, because they are of a size and nature that it could not sustain. As I said earlier, we are keen to see what we can do to improve and enhance the rail network, where it makes commercial sense to do so. My right hon. Friend the Minister of State has noted the point made.

Mr Philip Hollobone (Kettering) (Con): School traffic enhances peak-time congestion during term-time. The United States seems to run a successful yellow school bus scheme. Why cannot we have something similar here?

Norman Baker: I am advised that the Secretary of State's constituency has a yellow bus scheme, which perhaps he has been helpful in introducing. The school run is certainly one of the major reasons for congestion and delays in the morning, and it is an important point to look at. That could in theory be something that the fund that I have announced today could address, but I am not against having a further look at the yellow bus scheme on a national basis—although these matters are best decided locally, as my hon. Friend would accept.

Dr Julian Huppert (Cambridge) (LD): I congratulate my hon. Friend on the excellent statement, which contains many good things. Issues such as local powers over signage, for which I have campaigned for many years, the funding for Bikeability and a real valuation of carbon are much to be welcomed. Will he do any more to encourage councils to really make it easier for people to cycle to work, either by providing infrastructure, or by providing extra information such as the CycleStreets website set up by my constituents.

Norman Baker: We are doing more to make information on cycle routes available on the Transport Direct journey planner. That is now being rolled out across the country, giving information on a progressive basis, to make that available to people who want to cycle safely and are not necessarily familiar with the routes. It is plain from the guidance that one way of cutting carbon and creating growth is to invest in cycling, so I hope that local councils will bear that in mind when submitting bids.

Justin Tomlinson (North Swindon) (Con): Thamesdown Transport bus company in my constituency runs an excellent service, but does the Minister agree that local bus companies need to do more localised, estate by estate marketing, to explain the benefits and services on offer?

Norman Baker: I certainly agree that some bus companies are better at drumming up business for themselves than others. We have some excellent bus companies around the country, including the one I mentioned earlier in response to the hon. Member for Brighton, Pavilion (Caroline Lucas), Brighton and Hove Bus and Coach Company. Other bus companies do not do so well, but frankly, they are missing a trick in not capitalising on the market that is there for them.

Julian Smith (Skipton and Ripon) (Con): The local Little Red Bus company provides vital community bus services across North Yorkshire. May I press the Minister a little further on how the fund will be targeted on the most rural areas of our country?

Norman Baker: It is up to local councils to decide which bids they submit and what is included in those bids. The pattern of bus services varies considerably across the country, and I believe that I am right in saying that North Yorkshire has been subject to some cuts which have not been undertaken elsewhere, which suggests that the council has made that decision itself. We have also recently amended the Department's guidance on concessionary fares to reflect the importance of rural routes and long-distance routes in rural areas, and that should help bus companies as well.

Jane Ellison (Battersea) (Con): I welcome the Minister's statement. London's future depends very much on sustainable low-carbon travel. Back on the subject of bikes, although I realise that is a devolved matter, there is much to be learned from the Mayor of London's popular cycle hire scheme, and I hope that the Minister is working with that team to make sure those lessons can be passed on to other towns and cities that might want to go down a similar path.

Norman Baker: I very much welcome the innovation in London with the cycle hire scheme. Being based in a capital city, that scheme now has some traction and coverage elsewhere in the country, and I very much hope that other towns and cities will feel that it is worth emulating.

Bob Russell (Colchester) (LD): I sincerely hope that in due course the coalition Government will be able to reinstate some of the tram and light railway schemes that were axed by the previous utopian Labour Government, and perhaps add a few new ones. They are quite commonplace on the continent. I welcome the Minister's statement, particularly the coalition Government's commitment to support Bikeability cycle training for the duration of this Parliament. With that in mind, would he like to come to cycle town Colchester to see how cycling is being promoted?

Norman Baker: I shall be happy to attend the event in Colchester to which the hon. Gentleman refers after I have been to Mottram and Tintwistle and everywhere else I am going in the High Peak area in the near future. On light rail, we have already committed to enhancements and extensions to the tram light rail system in the Midland Metro area and in Nottingham, despite the difficult financial situation that we inherited from the party now in opposition. My hon. Friend will also be interested to know that I have initiated a review of light rail costs, which is one of the first things I did upon my appointment, and it is due to report soon. The objective is to get the costs of light rail down so that we can have more light rail in future.

Mr Speaker: I must thank the Minister and all colleagues, whose succinctness enabled everyone who wanted to take part to have the chance to do so.

Points of Order

1.11 pm

Hilary Benn (Leeds Central) (Lab): On a point of order, Mr Speaker. We are just about to start an extremely important debate on the scrapping of education maintenance allowances. By my calculation, five Members will now be unable to take part in that debate because we have just had a statement that could perfectly well have been made yesterday. Have you been notified by the Minister's office why it was necessary to have the statement on an Opposition day, and do you not agree that it is highly desirable that statements should not be made on those days unless absolutely necessary?

Mr Speaker: The short answer to the right hon. Gentleman's challenge is no. It is, of course, for the Government to decide whether and when to put on a statement, but my answer stands. I hope that is helpful to the House.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): On a point of order, Mr Speaker. Some of the brightest and best potential teachers risk being lost to our schools because universities do not know whether they will have places for them. In short, that is because universities that train future teachers do not know how many places for teacher training they will have, five months after the Teacher Development Agency should have told them. Is there anything you can do to end the confusion between the Department for Business, Innovation and Skills and the Department for Education on that issue, perhaps by securing a written statement on the matter?

Mr Speaker: The matter can of course be raised at business questions tomorrow. The Government will have heard what the hon. Gentleman has said. If any clarification is required, that is a matter for the Government. My concern now is to protect Opposition time.

BILL PRESENTED

Health and Social Care Bill

Presentation and First Reading (Standing Order No. 57)

Mr Secretary Lansley, supported by the Prime Minister, the Deputy Prime Minister, Mr Chancellor of the Exchequer, Secretary Vince Cable, Secretary Michael Gove, Secretary Eric Pickles, Danny Alexander, Mr Simon Burns and Paul Burstow, presented a Bill to establish and make provision about a National Health Service Commissioning Board and commissioning consortia and to make other provision about the National Health Service in England; to make provision about public health in the United Kingdom; to make provision about regulating health and adult social care services; to make provision about public involvement in health and social care matters, scrutiny of health matters by local authorities and co-operation between local authorities and commissioners of health care services; to make provision about regulating health and social care workers; to establish and make provision about a National Institute for Health and Care Excellence; to establish and make provision about a Health and Social Care Information Centre and to make other provision about information relating to health or social care matters; to abolish certain public bodies involved in health or social care; to make other provision about health care; and for connected purposes.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 132) with explanatory notes (Bill 132-EN).

Consumer Protection (Postal Marketing)

Motion for leave to bring in a Bill (Standing Order No. 23)

1.13 pm

Caroline Nokes (Romsey and Southampton North) (Con): I beg to move,

That leave be given to bring in a Bill to make provision relating to the regulation of postal marketing; and for connected purposes.

I am grateful for the opportunity to raise such an important but sometimes under-reported matter. Every day, criminals worldwide send millions of unsolicited, mass-marketed letters to UK residents. As defined by the Office of Fair Trading, a mass-marketed scam is:

"A misleading or deceptive business practice where you receive an unsolicited or uninvited contact and false promises are made to con you out of your money".

Although I appreciate that many such contacts might arrive by e-mail or telephone, I wish to focus today on those that use Royal Mail to deliver their message to potential victims. Consumers losing money in that way is a significant problem in the UK. Those activities are often targeted specifically at vulnerable or disadvantaged consumers, such as the elderly and those already in debt, and those individuals can suffer disproportionate levels of harm as a result. Although anyone can fall for a scam, the elderly and vulnerable are more likely to be targeted and to become repeat victims.

Members might be aware of the Nigerian 419 scam, which involves a letter asking the recipients to help in removing a substantial sum of money from Africa using their bank account, for which they will receive a smaller amount in return for their assistance. Inevitably, the money never arrives and the recipient will find that their bank account has been used fraudulently and, in some cases, that their identity has been stolen and cloned. That is one of the most popular and recognisable scams, but others involve fake lotteries, even clairvoyants and fictitious prize draws. After replying to the first "taster" letter, the victim's details will be sold to other criminal networks and the deluge of mailings will begin.

Across the UK, postal workers deliver more than 100 pieces of mail every day to some victims, but there is no comprehensive system in place to report such activity. Nearly half of the UK adult population has been targeted in that way, and while it is easy for us to advise them to delete the e-mail, hang up the telephone or simply tear up the mailing, more than 3 million adults—6.5% of the UK population—will be taken in, losing a total of £3.5 billion every year. Should one have the misfortune to become a victim once, it will only get worse. Chronic victims have their names added to a so-called "suckers" list and will find the number of mailings increase exponentially as their details are sold on again and again.

We should not underestimate the effect that such mailings have. Scam mail is designed to shut down the normal thought process and dazzle the mind. Chronic victims can focus only on the fictitious prize, not on the money that they are sending to claim it. Many will not understand modern technology and how it allows mass mail to be easily produced, despite looking like important and personally addressed correspondence. They might fall out with their families, who are desperate to help their relatives stop what can become an addiction but cannot make them understand that sending yet more money will not make a fictitious prize appear. It is also worth noting that the Mailing Preference Service can help only if victims themselves come to understand that there is a problem and register with it. One of the biggest difficulties is in helping the victim realise that the offers are not genuine.

Scam mail should not be confused with perfectly legitimate direct marketing. Indeed, I seek to assure Members that I have no desire to prevent either legitimate businesses from communicating with potential customers, or Members from using direct mail to communicate with constituents. It is a complex area, because in seeking to afford greater protection to vulnerable constituents I do not wish to advocate measures that are excessive and cross the line between consumer protection and civil liberty.

Currently the principal protection comes from the Consumer Protection from Unfair Trading Regulations 2008 and the Fraud Act 2006. The former contains both criminal offences and the option to take injunctive action using the Enterprise Act 2002. Both can be used with a degree of success to deal with scams originating in the UK, but normally only once they are in full operation and vulnerable people have already suffered. Those originating in the European Union can be tackled using cross-border injunctive action procedures under the 2002 Act, but that is time-consuming, costly and rarely used. When scams originate from a country outside the EU, it is down to the authorities in that country to take action against the perpetrators. The level of co-operation will obviously vary from country to country and is fraught with difficulty. I have met Hampshire trading standards, which has been proactive in tackling the problem—*[Interruption.]*

Mr Speaker: Order. I apologise for interrupting the hon. Lady. It is only courteous to allow the hon. Lady to be heard with a degree of quiet and respect.

Caroline Nokes: Hampshire trading standards has made some constructive suggestions on the changes that it thinks would be possible. The police are also well aware of how and where scam mail enters the country, but they are currently unable to stop it. As I have mentioned, those who know best how to identify victims are postal workers. Many know their rounds and residents extremely well and can quickly identify when patterns of mass-marketed mail deliveries change and increase. Consequently, Hampshire trading standards is asking for measures to be introduced to enable the police, customs officers or the National Fraud Authority to identify and intercept scam mail when it enters the country, and to allow Royal Mail to disclose the details of potential victims to their local trading standards service, so that support can be offered to those financially abused and vulnerable people. One significant difficulty faced by Royal Mail is that passing on consumer details contravenes the Data Protection Act 1998. As I mentioned earlier, there might also be a conflict with human rights legislation, but even though it is a difficult process, it does not mean that we should not try.

The proposal to allow the police or other enforcement officers to intercept mail is a very difficult one, requiring changes to both the Postal Services Act 2000 and the Regulation of Investigatory Powers Act 2000. Under

[Caroline Nokes]

current law, the police need to apply to the Secretary of State for a warrant under RIPA and the Police Act 1997 in order to intercept and open a postal packet lawfully in the course of its transmission.

I do not suggest for one moment that there should be a blanket power to intercept mail without a warrant, but such mail is easy to identify, the same victims are being targeted hundreds and hundreds of times over and it ought not to be impossible to introduce appropriate safeguards against breaches of human rights, controlled using the RIPA authorisation process at a sufficiently high level, while ensuring that the tests of necessity and proportionality are satisfied.

There is some disagreement between trading standards authorities and the Royal Mail about whether the disclosure of victims' details is permitted under section 29 of the 1998 Act. There is no disagreement about whether postal workers are best placed to identify the victims. Indeed, they want to help. It might be appropriate, therefore, to introduce an amendment to the Postal Services Act to provide a legal gateway for the release of such information.

In a trial in Hampshire, the Royal Mail has worked closely with Hampshire trading standards to identify potential victims and to introduce a card that postmen and women can put through the doors of those whom they believe are being targeted, encouraging them to contact trading standards and to seek assistance. Of 44 cards delivered, however, only five victims came forward, suggesting that many people are not being given the support to tackle the problem that they face.

When I visited trading standards, I heard horrendous tales of victims' houses, stuffed full of scam mail, with many thousands of pieces of paper stacked up in their living rooms; relatives in despair because they could not help their loved ones understand that the offers and promises were not genuine; and examples of Hampshire residents having lost more than £100,000.

This is a timely proposal. Next month is the Office of Fair Trading's scam awareness month, which seeks to highlight and tackle the extent of that fraudulent activity. This proposal represents a proportionate approach and recognises the need to support the victims of such activities, who have suffered considerable financial loss and distress. I commend it to the House.

Question put and agreed to.

Ordered,

That Caroline Nokes, Lorraine Fullbrook, Simon Hart, Caroline Dinenage, Simon Kirby, Justin Tomlinson, Andrew Bingham, Nick de Bois, Jack Lopresti, Rebecca Harris and Mike Weatherley present the Bill.

Caroline Nokes accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 17 June, and to be printed (Bill 134).

Opposition Day

[9TH ALLOTTED DAY]

Education Maintenance Allowance

Mr Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister.

1.24 pm

Andy Burnham (Leigh) (Lab): I beg to move,

That this House believes that disadvantaged young people should gain greater access to further and higher education; recognises the valuable role that the education maintenance allowance (EMA) has played in supporting young people from less well-off backgrounds to participate and succeed in education; further recognises how EMA has supported choice for students in post-16 education, allowing them to travel to the best institution for their studies, which is of particular importance in rural areas; further notes that EMA is used by the majority of recipients to fund travel to college, as well as books and equipment, and allows recipients to focus on their studies rather than taking a part-time job; notes that EMA has been retained in Scotland, Wales and Northern Ireland; further notes research from the Institute for Fiscal Studies stating that EMA costs are completely offset by its benefits in raising participation; further notes the inquiry into educational access announced by the Education Select Committee; and calls on the Government to rethink its decision on EMA, retaining practical support to improve access to, interest in and participation in further and higher education.

Over the past decade, we have debated the funding of higher education on many occasions. Today, we rightly focus on an equally, if not more, important prior question: whether hundreds of thousands of young people from less well-off backgrounds are to stay in education long enough to have a realistic dream of going to university.

To know what is at risk, we must look at how far we have come. Twenty-five years ago, the staying-on rate in England was 47%; throughout Merseyside, where I left school in 1986, the figure was even lower; and today it is 82%. Those figures tell an incredible story of human and social progress from the mid-1980s to today. A deep-rooted culture in some communities whereby employment at 16 years old was the norm, not education, has begun to be broken.

Students and families who in the past might well have felt that education was not for the likes of them now see it as a viable route, and in the past 10 years the education maintenance allowance has played an important part in that progress. It has sent out an empowering message of hope—that we can dare to dream, whoever we are and wherever we come from. It was one of the best policies of our Government, and I pay tribute to my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett) who brought it in.

Sustaining that progress must be worked at; instead, it is about to be thrown into reverse. In the real world, the debate about tuition fees is already changing views on university, but for the least well-off the full impact becomes clear only when it is set alongside the abolition of EMA. To those young people, it feels as though we have a Government who are stacking the odds against them—a Government who talked about social mobility in their early days but have now launched an all-out attack on the aspirations of those facing the biggest obstacles in life. They see a Government who are kicking away the ladder of opportunity. Today, the House has an opportunity to change that message and to make Ministers change course.

Before we get into the detail, however, I want the House to focus on the 650,000 young people who receive EMA. They have a strong sense that many Members do not have any idea what their lives are like.

The Secretary of State for Education (Michael Gove): Does the right hon. Gentleman believe that every single one of those 650,000 recipients should receive exactly the same amount of money that they currently receive, or does he believe that there is any scope for saving and better targeting?

Andy Burnham: The right hon. Gentleman used to believe in EMA, because he stood right where I am standing now and told the House that he would keep it—no, that he would build on it. So it is pretty desperate—

Michael Gove: Answer the question.

Andy Burnham: I shall come to the right hon. Gentleman's question, but a little more humility might serve him well during the course of this debate.

Those young people feel that Members here—

Michael Gove: Will the right hon. Gentleman give way?

Andy Burnham: I shall not give way; I am sorry. Those young people feel that Members, and indeed that the right hon. Gentleman, have no real idea of what their lives are like.

Some 80% of recipients come from homes where the household income is less than £20,800 a year, and many live difficult lives. Many are part of larger families and go without the basics during the average week, because they know that anything they take off their parents deprives younger brothers or sisters. Many others are young carers who face some of the toughest circumstances imaginable—like the one whom I met, caring for both parents, at Lambeth college—and try desperately to keep their own hopes alive of a better future while supporting loved ones on meagre resources. Some are young parents who might have missed out on an education and want a second chance, like the young mum from Gateshead who came to our hearing here in Westminster. Some have special needs and disabilities, like Daniel in my constituency, who is on the autistic spectrum. I helped him to find appropriate supported accommodation when he was in his early teenage years, and his grandmother told me at the weekend that EMA had been a vital part of his transition from residential care to mainstream college—vital in helping him to learn the everyday skills of managing his life.

Christopher Pincher (Tamworth) (Con): The right hon. Gentleman says that there are 650,000 or so EMA claimants, but he must also know that only about 12% of those people—66,000—say that they would not go into A-level education if they did not have it. EMA costs £564 million. Does he not think there are better and less expensive ways of targeting money on the kids who really need the help? *[Interruption.]*

Mr Speaker: Order. Members are in a very excitable state today. I know that the matter arouses great passions, but we must have some semblance of decorum in the debate. I also remind colleagues that interventions should be brief.

Andy Burnham: The hon. Gentleman is talking about 78,000 young lives—those of the people the Government say would not stay in education were there to be no EMA.

Let me come to the heart of the Government's misunderstanding of this issue. They talk only about participation, but for the others—the Secretary of State does not seem to understand this—EMA provides the chance to fulfil themselves in education because it means that they can devote themselves to their studies.

Pete Wishart (Perth and North Perthshire) (SNP): The right hon. Gentleman is building a very powerful case for the defence and protection of EMA. Will he take this opportunity to congratulate the Scottish National party Government in Scotland on retaining EMA and ensuring that we are fulfilling our pledge to the most vulnerable and poorest students in Scotland?

Andy Burnham: My knowledge of Scottish politics is okay, but I think I am right in telling the hon. Gentleman that it was the Labour Administration who brought in the education maintenance allowance in Scotland, so I warn him off that subject.

I have detailed the lives of some of the young people I have met in recent weeks who are receiving EMA because it is important that the House focus its mind on those young people before we get much further into the debate. I want to clear up one myth at the beginning. EMA is overwhelmingly used to provide the basics to support education—travel, books, equipment and food.

Helen Jones (Warrington North) (Lab): Is my right hon. Friend aware that Lib Dem-Tory run Warrington borough council recently passed a motion asking the Government to think again on tuition fees and EMA? In their letter to the Secretary of State for Business, Innovation and Skills, the Liberal leader and the Tory deputy leader said that the removal of EMA would cause real hardship. If the Government's own allies do not support them, how can they go ahead with this?

Andy Burnham: I am aware of that, as I represent a neighbouring authority area. It shows that some Liberal Democrats at local level have more guts than some of their colleagues in this place, because they are prepared to say what is right and what is wrong and to stand up for the young people in their area who they know will have their dreams shattered if this help is taken away from them.

Andrea Leadsom (South Northamptonshire) (Con): Does the right hon. Gentleman agree that it is entirely possible that an alternative, more targeted approach to providing support for young people might provide a better solution while still meeting the needs of deficit reduction?

Andy Burnham: The Government talk of an alternative scheme, but it is a tenth of the size of EMA, which they have closed to new applicants. They have never made a statement to Parliament or set out any details of that alternative scheme. It has taken Labour Members to bring those Ministers here to account for themselves this afternoon, and that is quite disgraceful. We do not have an alternative to judge EMA against, and EMA is a scheme that works.

Paul Maynard (Blackpool North and Cleveleys) (Con) *rose—*

Mark Tami (Alyn and Deeside) (Lab) *rose—*

Margot James (Stourbridge) (Con) *rose—*

Andy Burnham: I will make further progress before giving way.

EMA is one of the few practical policies that has directly supported social mobility and equality of opportunity, so today I will set out a comprehensive case for its retention—the educational case, the social case, the economic case and the democratic case. The Government wanted to close down EMA quietly. They have closed the scheme to new applicants. They have not begun to replace it, as their amendment claims. We have called this debate because EMA has worked and is worth fighting for.

Margot James: Does the right hon. Gentleman appreciate that the enhanced learner support fund, which is the Government's proposed replacement for EMA, will help many of the hard cases with which he illustrated the earlier part of his speech? Some 90% of students are telling us that they do not need EMA and will continue with their studies without it. If he does not accept that figure, what would he accept as the dead-weight figure?

Andy Burnham: The hon. Lady has just shown how hopelessly out of touch Government Members are. Is she telling me that nine out of 10 young people in her constituency who get EMA are saying they do not need it? If so, she has been speaking to some very different young people—although I am glad that she has at least been speaking to them, unlike those on her Front Bench. She needs to answer this question. The Government are proposing a scheme that is a tenth—

Mr Graham Stuart (Beverley and Holderness) (Con): Answer the question.

Andy Burnham: I am about to do that. The Government are proposing a scheme that is a tenth of the size of the previous one, so a fair assumption is that it will help one in 10 of the people who are getting help today. How is that compatible with the full participation in education of all 16 to 18-year-olds, to which the Government amendment refers?

I have never set my face against changes or savings to the EMA scheme. I proposed a change last year—that of giving young people between 16 and 18 the choice of unlimited free travel or EMA. Today I say this to the Secretary of State: I am prepared to discuss changes while keeping the principle of a national weekly payment scheme to support young people in education, but I am not prepared to see a successful scheme, which brings a huge range of social benefits, dismantled and replaced with a residual scheme a fraction of the size. He will have to work very hard to convince us that a scheme a tenth of the size will, in the words of his amendment, improve

"access to, enthusiasm for and participation in further and higher education."

How can it possibly do that?

Ian Austin (Dudley North) (Lab): I met students at Dudley college, 78% of whom receive EMA. More than 90% of them told me that they would be unable to continue their education if EMA was withdrawn. They are not using it for luxuries but for their books, bus fare and lunch. In particular, those on vocational courses who are studying construction, catering, hairdressing and so on need to buy uniforms and equipment. That is what they are spending it on, and if it is withdrawn they will not be able to continue their education.

Andy Burnham: My hon. Friend represents a constituency with one of the highest take-up rates of EMA in the country, and he is absolutely right. Some of the sneering comments about recipients of EMA show a complete failure to understand what their lives are like and underestimate the determination of those young people to make a success of themselves and to get skills that will stand them in good stead throughout the rest of their lives.

Paul Maynard *rose—*

Caroline Lucas (Brighton, Pavilion) (Green) *rose—*

Neil Carmichael (Stroud) (Con) *rose—*

Andy Burnham: I will give way in a moment.

The Government's answer is, "We are raising the school leaving age to 18." What kind of answer is that? Do they really think they can simply mandate that young people will have to stay on and then provide no practical support to make it work? Perhaps that is why the Chairman of the Select Committee on Education said yesterday that he thought the removal of EMA would be damaging. The Government have a lot of convincing to do as regards senior voices on their own side of the House.

Mark Tami: Will my right hon. Friend take on board what the Labour-led Welsh Assembly Government have done in keeping the £30 higher level because they recognise just how important it is for younger people?

Andy Burnham: As I said, 80% of people get the £30 higher level. I also said that I am not opposed to talking to the Secretary of State about changes. However, if he is to fulfil his goal of keeping young people in education, he will have to talk about a scheme on a much bigger scale than he is proposing, and he will have to do that today.

Let me set out, first, the educational case for EMA. EMA has had a positive impact on participation in post-16 education: that is accepted by all. The Government's figures suggest that EMA makes all the difference for 78,000 young people. However, as we enter 2011, the financial outlook for many families is changing for the worse. Calculations about the affordability of staying on will have to be redone when the loss of EMA is set alongside changes to other benefits and wages. New research released yesterday by the University and College Lecturers Union suggested that seven in 10 EMA recipients will drop out of education if EMA is taken away.

Mr Graham Stuart: I regret the removal of EMA and the necessity to remove it, which was caused by an orgy of overspending by the Administration of whom the right hon. Gentleman was a part. A diet of cold, hard

decisions now has to be taken by Ministers, and I have some sympathy with them. Choices have to be made, such as between providing nursery education for two-year-olds in the poorest areas or retaining EMA. The right hon. Gentleman accepts that there can be changes to EMA. Is there any reason why a slimmed-down version, such as that proposed by the Government, with constructive input from all sides, cannot deliver for the most needy and minimise the negative impacts?

Andy Burnham: The hon. Gentleman is having it both ways. He started by saying that he regrets the removal of EMA, before going on to make his attack. I will make two points to him. First, he said that EMA was essentially unaffordable. Why then does the Institute for Fiscal Studies say that the costs of EMA are "completely offset" by the wider benefits that it brings? He might want to reflect on that point.

Secondly, why did the Prime Minister and the Secretary of State promise young people that they would keep EMA? More than that, why did the Minister of State, Department for Education, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb), stand at the Dispatch Box after the general election and say that EMA would be retained? Why did they do that if it is now such a bad idea? Will he answer that?

Mr Stuart: On that particular point, following our joint interview yesterday, I looked up the Prime Minister's interview on Cameron Direct. He expressed some concerns and talked about the mixed messages that he had received from students on EMA. He said that the Conservative party had no plans to remove EMA. That is not a matter of pure semantics. There was no promise, and the right hon. Gentleman should not put out an untruth about the Prime Minister on this subject.

Andy Burnham: We will leave those kinds of points to Back Benchers; we do not expect them from the Chair of the Select Committee.

The fundamental point that the Government are missing is that participation is only part—*[Interruption.]* The hon. Member for Stroud (Neil Carmichael) does not have to put his hand up—he can just stand up. Participation is only part of the story; EMA helps students to succeed once they arrive at college. It stands to reason that young people do better if they can afford the books or equipment that support the course. As many young people have told me, EMA means that they do not have to take a part-time job, so they can focus all their energy and attention on their studies. College after college reports that EMA improves attendance, helps people to stay the course, reduces the drop-out rate and, in the end, brings a higher rate of achievement.

Mr Andy Slaughter (Hammersmith) (Lab): The infamous Cameron Direct meeting that has been raised took place in Hammersmith on 6 January last year. Sadly, I was not at the meeting because I was handing out leaflets outside, but this morning I spoke to the person who asked the relevant question. The Prime Minister said:

"We've looked at Educational Maintenance Allowances...no we don't have any plans to get rid of them."

Where does my right hon. Friend think the Government now stand with their credibility on this issue?

Andy Burnham: I think that it is very difficult. The Government's access to education adviser, the right hon. Member for Bermondsey and Old Southwark (Simon Hughes), and I were at an open meeting last week in the Commons. A young woman from Cornwall said that she had been at a meeting where the Prime Minister had made a personal commitment that he would keep education maintenance allowance. The Government have some very hard questions to ask themselves this week. Now that the voters of Oldham have told them what they think about broken promises, the Government need to reflect on whether they will carry on in such an arrogant and high-handed manner, thinking it fine to say one thing to young people before the election and change the script afterwards. I am afraid that they will lose those young people for the rest of their lives if they do not change course.

Caroline Lucas *rose—*

Joan Walley (Stoke-on-Trent North) (Lab) *rose—*

Andy Burnham: I will give way to the hon. Member for Brighton, Pavilion (Caroline Lucas) and then to my hon. Friend the Member for Stoke-on-Trent North (Joan Walley).

Caroline Lucas: I am grateful to the right hon. Gentleman for giving way. Does he agree that it is entirely unacceptable that the Government still have not done a full equality impact assessment of this policy? If they had, they might be rather less cavalier about the devastating implications of scrapping EMA.

Andy Burnham: The hon. Lady makes a point of such importance that it must be addressed by the Secretary of State. In going about his business, he is wiping away important initiatives that work and are providing real opportunity for young people, with no assessment of the damage that the policies will do and no real understanding of how they might set back social mobility and equality in our country. The Government seem to have dispensed with some of the norms of government that we took seriously, such as equality impact assessments and consultations on the major changes to educational provision. Instead, they promised to keep EMA, and then simply pull the plug when it suits them. It is not good enough.

Joan Walley: I am most grateful to my right hon. Friend for giving way. Education maintenance allowance was piloted in Stoke-on-Trent and other cities, because we needed to give additional help to students, such as those who have come down from Burslem and Tunstall today to make the point that they need that additional money. Our staying-on rates have improved from 56.3% to 80.5%. Will my right hon. Friend ask the Secretary of State how it can be that people who currently receive EMA will not get that money, when people in the areas of deprivation that we represent need it for their travel costs and everything else? If they do not get it, they will not be in higher education, they will not get jobs, and there will be no solution to youth unemployment.

Andy Burnham: My hon. Friend brings me back to the point that I was making: EMA is not just about participation, as the Government say, but about helping

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people to make the best of themselves when they are in education and bringing out their full potential. The Government's one-sided argument about a 90% dead-weight cost fails to acknowledge that it helps young people with one of the biggest challenges in life—to shine academically. It is very hard to put a value on that. It might open doors that would otherwise have remained closed.

Crucially, EMA supports the important principle of student choice for all in post-16 education. It means that the best sixth-form colleges, which are often some distance away, particularly in rural areas, are within the reach of young people. In most places, they do not get help with travel and transport costs, so EMA means that the doors of those fantastic institutions are opened to young people from ordinary working-class backgrounds.

Paul Maynard: It is kind of the right hon. Gentleman to give way, I am sure. I listened carefully to the powerful case studies of people he has met over recent weeks. I am concerned, however, that he might be out of touch with some of his constituents, and that he does not fully understand the needs of those with complex needs. Is he seriously arguing that a capped payment of £30 a week will fully meet the needs of the people he described? In that case, why does he not support a discretionary learner support fund that would allow individual schools to tailor provision to the needs of their students? Why is he so scared of that?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We must have shorter interventions, because many Members want to speak.

Andy Burnham: All I can say is that I do not think the hon. Gentleman was listening. I said that EMA makes life possible, and makes the calculations that young people have to do to stay in education that bit more doable. Is he seriously arguing that taking it from those young people will help them to make a success of their lives and circumstances? I find that hard to believe.

The vast majority of EMA is spent on travel, as a survey for the Association of Colleges confirmed this week. It states that

"94% of Colleges believe that the abolition of the EMA will affect students' ability to travel to and from College."

The survey also suggests that some students may be at risk of not being able to follow the college course of their choice due to the cost or availability of transport. That goes to the heart of student choice in education. If students do not have the ability to travel, they cannot get on to the courses that they want to study. The Secretary of State needs to come up with a convincing answer to that.

I want the Secretary of State also to think about the effect of the change on the aspirations of young people who are still in secondary school. I want him to reflect on what a young woman from my constituency told me this week—that her 15-year-old brother had already given up at school because, without EMA, he could not see any way that he would be able to go to Wigan and Leigh college to study the motor engineering course that he had planned to do. Is there not a real risk that taking the lifeline of EMA away from young people will lower the aspirations of children in secondary school? Better participation, attendance, retention and results, supporting choice and keeping hope alive for all kids—surely it all adds up to a compelling educational case for keeping EMA.

Neil Carmichael *rose—*

Elizabeth Truss (South West Norfolk) (Con) *rose—*

Andy Burnham: I give way to the hon. Lady.

Elizabeth Truss: Is not the No. 1 factor in education teacher quality, which the right hon. Gentleman has not mentioned? The UK has one of the worst records of having qualified teachers for low-income pupils. Why did his Government not do anything about that when they were in power?

Andy Burnham: We did plenty of things to improve the quality of teaching, including through Teach First. I spoke about giving all young people the chance to get into the best sixth-form colleges in the country, so that they can access good teaching. Would the hon. Lady care to explain how, under her party's plans, those young people will carry on being able to benefit from the very best teaching and get the best opportunities in life? I do not think she can do so.

Paul Farrelly (Newcastle-under-Lyme) (Lab): EMA was being piloted when my right hon. Friend and I joined the House, and it has been a real achievement in the 10 years since. Some 1,700 students at Newcastle-under-Lyme college benefit from it, and it has raised staying-on rates. Where is the fairness in removing that income from those students and their households? Is it not the case that the impact of that will be felt not in the likes of Surrey Heath but in Bermondsey, Sheffield, Leigh, Manchester, Newcastle-under-Lyme and Stoke-on-Trent?

Andy Burnham: It will be felt keenly in such places. Combined with the trebling of tuition fees, my worry is that it will have a depressing effect on the aspirations of young people in the former industrial and inner-city communities that we worked so hard to lift during our time in government. That is why today's debate goes to the heart of why I and many of my hon. Friends came into politics. We care passionately about people's opportunities in those areas, and we are not prepared to see the ladder kicked away from under young people in the way that the Government propose.

The evidence that I have given on the educational benefits of EMA demolishes the claim that it has no benefit to society beyond persuading 10% of students to stay on. Until recently, I was at a loss to understand how Ministers could make that one-sided argument and use such selective facts to back up their decision, but maybe I have stumbled on the answer. Last week, I came across a parliamentary question answered by the Under-Secretary of State for Education, the hon. Member for East Worthing and Shoreham (Tim Loughton), asking how many further education and sixth-form colleges the Secretary of State had visited since he was appointed in May. I shall share with the House the revealing answer:

"The Secretary of State has made no such visits since this date." —[*Official Report*, 12 January 2011; Vol. 521, c. 342W.]

The Secretary of State was quick to get to his feet a little earlier, and I trust that he will rise again now to correct what surely must have been an inaccurate answer.

Michael Gove: I certainly will. All those who saw me at Farnborough sixth-form college, when I had the privilege of opening the John Guy building, will know of my great commitment to that superb college, at which so many of my students are educated.

Andy Burnham: Either that is a school sixth form or the answer that the Secretary of State's Department issued was wrong, but it is an appalling state of affairs if he has barely ever managed to take himself along to a sixth-form college to speak to the staff and students who will be affected. *[Interruption.]* Yes, he has been to one in his own constituency but no one else's. That is very helpful of him. I might remind him that he is responsible for everyone's constituents. At a stroke he is axing a £500 million scheme, which will have a profound effect on 650,000 young lives and on the viability of 230 FE colleges and 95 sixth-form colleges, for which he has policy responsibility, without so much as troubling himself to go along and hear at first hand what the decision will mean.

The Secretary of State needs to climb down from his ivory tower once in a while and get out in the real world. How many students has he met who will be directly affected by the changes? Has he met any? I am not sure whether he is nodding, but if he had met some I am absolutely sure that, if nothing else, he would long since have asked his Ministers to stop implying that those high-achieving and talented young people can be described as "dead weight".

Ms Karen Buck (Westminster North) (Lab): Through my right hon. Friend, may I issue an invitation to the Secretary of State to come with me to City of Westminster college? Its principal has written to me to say that 1,500 of his students will lose their EMA, which in his experience has transformed attendance and achievement at the college.

Andy Burnham: I will do so, but I cannot answer for the Secretary of State. I have been to sixth-form colleges in London, and that brings me to my case about social mobility. If he visits a sixth-form college while he is in the job, may I suggest that he could do worse than visit the one that my hon. Friend mentions, or indeed Newham sixth-form college, which I visited yesterday? If he does, he might meet the young man who told me about the practical effect of losing EMA. He feels that he will have to lower his ambitions in the universities to which he applies, because he thinks his exam grades will undoubtedly suffer.

Mr Graham Stuart: Why?

Andy Burnham: The Chairman of the Education Committee cements the impression that the Conservatives have not really thought about what it is like to be a young person in the circumstances that I have described. It is hard to put a value on the self-confidence and peace of mind that financial security gives a young person. It creates the conditions for their academic potential to be realised.

The Secretary of State talks frequently about social mobility under the Labour Government, citing the number of young people on free school meals gaining a place at Oxford or Cambridge. Time and again, he has used that figure selectively to paint a misleading picture of Labour's record, and I wish to set the matter straight.

First, I politely point out to the Secretary of State that Oxbridge is not the be-all and end-all. If he examines the university system as a whole, which my hon. Friend the Member for Leicester West (Liz Kendall) has taken the trouble to do, he will see that between 2005 and 2007 the number of young people on free school meals gaining a place at university increased by 18%, double the rate of increase for all young people. Does the Secretary of State recognise those figures and, if so, does he accept that EMA has played an important role in securing that social progress? Does he further accept that the proportion of children on free school meals who stayed on in full-time education at 16 increased from 60% in 2005 to 70% in 2009? That is why more are applying to, and getting into, universities.

Michael Gove: Can the right hon. Gentleman tell us how many children eligible for free school meals made it into Oxford and Cambridge in the last year for which we have figures, and in the year before that, and whether he considers it to be a triumph of social mobility or an indictment of his Government's record?

Andy Burnham: Is the Secretary of State worried about anything else, or is that it? The figure is 40, which came down from 44. It did go down, but I have just told him that if he looks at all universities, he will see that the rate of increase in successful applications from children on free school meals was double the rate in the rest of the population. Is he not proud of that fact, and why does he talk only about Oxbridge? If his real passion in life is helping young people on free school meals to gain places at Oxford and Cambridge—as mine is, by the way, as somebody who took that route many years ago—can he tell the House how on earth scrapping EMA is more likely to make that happen? Precisely how does he imagine those kids on free school meals will get to Oxford and Cambridge when there is no EMA?

Gavin Barwell (Croydon Central) (Con): The right hon. Gentleman makes his case with his usual passion and makes some important points about empowering student choice. He says that the Government are going too far in reducing the scheme by 90%, but acknowledges that some savings can be made. In these difficult times, what would be a safe reduction in the budget?

Andy Burnham: I said that I am prepared to sit down and talk about making savings as long as we maintain the principle of a national scheme that supports the kids who most need support. I made the same offer on school sports. I will have that discussion, but I am saying to the Secretary of State do not just dismantle the whole scheme and lose all the benefits that come with it. If we had been asked to make a reduction in EMA commensurate with the rest of public spending, we would have struggled to argue against it, but that is not what the Government propose. The hon. Gentleman stood alongside the Prime Minister and the Secretary of

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State at the last election promising young people that they would keep EMA. They are the ones with the questions to answer.

The truth is that the Secretary of State cannot will the ends without the means. That will not happen. However talented those young people are, they cannot live off thin air. They cannot have a part-time job and walk miles to college and still get straight A's. I wonder whether he has much idea of what their lives are like. In 2003, he wrote an article in *The Times* that acquires a new significance in the light of this debate. He wrote that

"anyone put off from attending a good university by fear of that debt doesn't deserve to be at any university in the first place."

Those are difficult sentiments for an Education Secretary to be associated with, as are these, which appear in the same article:

"Some people will, apparently, be put off applying to our elite institutions by the prospect of taking on a debt of this size. Which, as far as I'm concerned, is all to the good."

How genuine is his commitment to those people who want to get in to Oxbridge?

I have worries about the Secretary of State's elitist instincts, but I read in *The Times* last week another interesting piece—from Mrs Gove—which contains insights from home that raise further questions about whether he is living in the same world as the rest of us—*[Interruption.]* He should listen to this. She says:

"Like all angst-ridden working mothers, I live in terror of upsetting my cleaner."

Angst-ridden mums in Leigh talk of little else. I sympathise with Mrs Gove's predicament, but I wonder whether the Secretary of State could pass on a bit of advice to all the wives of his Cabinet colleagues who fret about the same curses of modern living. May I respectfully suggest that the best way to stay on the right side of the cleaner might be not to clean the oven oneself, but to press one's other half not to remove the cleaner's kids' EMA?

Julian Smith (Skipton and Ripon) (Con): May I press the right hon. Gentleman a little further on exactly what percentage reduction he would make to EMA? He said he is open to reducing it, but by what percentage?

Andy Burnham: I said that I would make a reduction commensurate with the overall reduction in spending. I would be prepared to sit down and say, "Can we make the EMA scheme work for young people at that level?", but the Government are not proposing that. They are proposing a scheme that is a tenth of the size of the current one. If the Secretary of State is making offers and rethinking, and if he has been ordered into yet another U-turn by the Prime Minister, I am prepared to talk about it, but the onus is on Government Members to tell us the details of what they are offering.

Gavin Barwell: In answer to my previous question, the right hon. Gentleman spoke of preserving a national scheme, but he has made the powerful point that different students face different costs. Does he agree that if a sufficient pot of money is available, decisions are better made by individual schools that know their pupils' circumstances, rather than through a national standard scheme?

Andy Burnham: My brother is the vice-principal of a sixth-form college, and I have asked him that question. He says that it would be an impossible task for his college to decide between one student and another. Colleges want to help students, but they would have to make those decisions with an inadequate fund that covers only a tenth of the amount that it currently covers. The hon. Gentleman's suggestion would mean passing on an impossible problem, but I welcome the spirit of his remarks. He will notice that I have deliberately moved a broad motion that invites the support of all hon. Members who want the Government to think again. It sounds as if he is one of them.

Let us not throw out everything about EMA that is a success, and that brings me to the economic case for keeping it. In short, EMA is good not just for the individuals who receive it, but for all of us in building a higher-skilled and more prosperous society, in which the costs of social failure are lower. Yesterday, the chief executive of the Institute of Mechanical Engineers called on the Government to rethink their decision. He said:

"Tough decisions have to be made, but the UK economy will increasingly need skilled engineers and technicians over the next few years. Our long-term economic health depends on making the right decisions now."

Haroon Chowdry of the Institute for Fiscal Studies has said that even taking into account a dead-weight cost of 88%, the costs of EMA are "completely offset". He said:

"The initial outlay of the EMA policy is likely to be more than recouped by the increase in productivity that we expect to result from the 16- and 17-year-olds staying on in education for longer".

Has the Secretary of State made an economic impact assessment of his policy alongside an equality impact assessment? I have not seen one. Has he assessed how EMA helps to build a skilled work force that benefits us all? If we take that support away, we lose not just those skills—taxpayers must also face the higher costs of social failure as young people drop out of education. Has he made an assessment of that?

On the Government's own figures, around 78,000 are unlikely to be able to stay in further education without EMA. We cannot know for sure whether all those young people will end up unemployed if they lose EMA, but given today's figures showing record youth unemployment, it does not look good for them. Will not the Government have to provide support for them in some other form—perhaps a less constructive form—when they have reduced hope for the future?

Fiona Mactaggart (Slough) (Lab): In view of my right hon. Friend's point about improved qualifications, will he note the figures that East Berkshire college has provided to me? It has a number of students on EMA. I have worked out that its figures on improved retention would mean that 45 or 50 young people in the town that I represent would be unlikely to complete their course if they did not have EMA.

Andy Burnham: My hon. Friend is exactly right—that is borne out by the experience of many colleges around the country. Some of those young people are at risk of ending up in the benefits system. Will not the Secretary of State's policy lead to an increase in 16 to 17-year-olds seeking to claim jobseeker's allowance in exceptional circumstances, or certainly to an increase in the numbers

claiming JSA at 18? We know that every young person not in education, employment or training costs more than £55,000, according to research for the Audit Commission. The IFS has said that EMA successfully reduced the number of NEETs. Will it not therefore cost more to get rid of EMA?

Those costs will add up on many levels. As Paul Gregg at Bristol university has found, youth unemployment imposes a "wage scar" that can last for decades. He suggests that scrapping EMA fails to take account of other benefits, such as lower crime. That adds to the fears that through a combination of the Government's policies, they are taking hope away from a whole generation.

I have set out the education case, the social mobility case and the economic case for keeping EMA, so let us now deal with the democratic case. The Prime Minister, and the Secretary of State made personal promises to young people to keep EMA. Failing to honour them will do great damage to young people's trust in Parliament and politics. From this Dispatch Box, the Secretary of State said:

"We are entirely in favour not only of the existence of the EMA but of the provisions in the Bill to secure an extension to it." —[*Official Report*, 14 January 2008; Vol. 470, c. 669.]

Weeks before the general election, he said:

"Ed Balls keeps saying we are committed to scrapping the EMA. I have never said this. We won't."

On the back of these statements, does the Secretary of State not accept that young people embarking on a two-year course in September 2010 had a reasonable expectation that they would receive EMA support for the duration of their course, and that they could not have expected that the rug might be pulled from under them?

Beyond that, do the Government have a democratic mandate for this change? This time it is not the yellow Tories, but the real Tories who have broken their promises to young people. However, did any of the people who voted Lib Dem in May vote to curtail the life chances of the least well-off in this way? Unsurprisingly, the Government's amendment shifts the ground on to deficit reduction, but if that is now the Government's main argument why did the schools Minister, the hon: Member for Bognor Regis and Littlehampton, say to the House in a holding answer dated 7 June:

"The Government are committed to retaining the education maintenance allowance"?—[*Official Report*, 14 June 2010; Vol. 511, c. 307W.]

What changed after June? Did the full costs of the risky, unwanted reorganisation of the NHS become known, or did the Prime Minister choose his marriage tax break—costed before the election at £550 million, which is almost the same amount as EMA—as a priority above EMA? This confirms the growing impression that this is a shambolic ministerial team that changes its argument and does not know what it is doing.

The House may be forgiven for feeling a certain sense of déjà vu. This is a rushed decision with no warning, no consultation with those most affected, no evidence to support the decision, a growing backlash as the implications sink in, and a desperate rearguard action to justify it with dodgy statistics. If this is starting to sound familiar, it is because we have been here before with, for instance, Building Schools for the Future, school sport partnerships, and Bookstart. The fingerprints of this repeat offender are all over the scene of the crime. My question today to Liberal Democrat Members is this: how much longer are they prepared to carry the can in their constituencies for the disastrous decisions of this Secretary of State?

Simon Hughes (Bermondsey and Old Southwark) (LD): The right hon. Gentleman knows that I respect both his passion and his commitment on this issue, and he also knows that there is concern on both sides of the House about the policy to get rid of EMA without an adequate replacement. I repeat now what I have said privately, however: I will work with him, as I am working with the Secretary of State, to make sure, as far as I can, that the successor scheme achieves the objectives that are expressed in both the Opposition motion and the Government amendment. If together we can do that, then together we will improve the reputation of this House and politics in this country.

Andy Burnham: I respect the right hon. Gentleman's intentions on this issue, but what he has just said will not be good enough for young people listening to this debate whose lives will be directly affected by the loss of EMA. A vague promise to work with the Secretary of State, with an unspecified amount of money to produce an unspecified result, is not going to do the job for them. The Lib Dems have to decide whether they want to keep the benefits of this successful scheme. Do they want the same numbers of young people in their constituencies to enter further education, or are they prepared to take a risk on this Secretary of State and this Tory-led Government?

Today's debate provides the House with an opportunity to change the message that this Government are sending out to young people. They feel bewildered and angry that they have been singled out to bear the brunt of deficit reduction, and do not understand why they in particular are to face higher costs than generations before. In Newham, they ask why they are paying with their life chances for the mistakes of others a few miles away in the City of London. In Leigh, they cannot understand why the Government want to turn the clock back to an education system based on social class, with places at university going only to those with money and connections. Today, we can show that we are listening to them. We can make a stand for equality of opportunity in education, and stop these moves towards a more elitist education system. We can call a halt to this all-out attack on the aspirations of those who have least, and keep hope alive for the hundreds of thousands of young people who will be cut adrift if the Government get their way. We can tell all young people that we value them, and stop a Government who are gambling with their life chances. I commend this motion to the House.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Before I call the Secretary of State, let me say that many Members wish to speak, and if we have fewer interventions, we will get through contributions more quickly.

2.15 pm

The Secretary of State for Education (Michael Gove): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

[Michael Gove]

"believes in full participation in education and training for young people up to the age of 18 and considers that support must be in place to allow those who face the greatest barriers to participation to access this opportunity; notes that the previous Government left this country with one of the largest budget deficits in the world and that savings have had to be made in order to avoid burdening future generations; further notes that the Government has increased funding for deprivation within the 16 to 19 budget and has already begun to replace the current education maintenance allowance system with more targeted support for those who face genuine barriers, including travel; and commits the Government to working with young people, schools and colleges and others outside and inside Parliament on arrangements for supporting students in further education and on improving access to, enthusiasm for and participation in further and higher education."

It is always a pleasure to debate education with the right hon. Member for Leigh (Andy Burnham). In previous Opposition day debates and on other platforms, I have always been impressed by the passion and commitment he brings to the aspirations of extending opportunity and advancing social mobility, and I believe he is right to focus in particular on what we can do better to support children in the 16 to 18 age range, whom we want to succeed in the examinations they take, and to whom we want to extend broader opportunities. In that respect, I welcome both the opportunity this debate provides and the wealth of interest it has provoked.

I may also say that it was uncharacteristic of the right hon. Gentleman, for whom I have a great deal of respect and affection, to make a personal comment about a member of my family in the course of his speech. I am sure that, on reflection, he will recognise that it was inappropriate and beneath him, and that he will withdraw it.

I also recognise, however, that the right hon. Gentleman was motivated in bringing forward this debate by his passion to increase social mobility. I also recognise that his bringing this passion to bear allows us all to consider what the right policies are for generating a greater degree of social mobility and for making opportunity more equal in our society.

Emily Thornberry (Islington South and Finsbury) (Lab): Will the Secretary of State give way?

Michael Gove: Not yet.

Let us consider policies on vocational education. One concern I have is that in a debate about staying on in education, the right hon. Gentleman made no mention of specific proposals to improve vocational education. I therefore have this question: does he back or oppose the policies we are putting in place? Does he back or oppose the additional investment that is going into university technical colleges? If he backs that, it is welcome, and shows that he recognises that action is being taken. If he opposes it, however, he will have to answer for saying no to reform. Does he back or oppose the expansion in the number of studio schools, specifically targeting disadvantaged young people who need a special type of education in order to encourage them to stay on? Does he back or oppose the growth in apprenticeships—the 75,000 additional apprenticeships that we are providing? All of these questions are to do with decisions about investments in improving education and the life chances of the very poorest, and we do not know whether the right hon. Gentleman is in favour or against.

Hazel Blears (Salford and Eccles) (Lab): Will the Secretary of State give way?

Michael Gove: In a few seconds.

This is not just about improving vocational education. Like the right hon. Gentleman, I believe in aspiration. I believe that other young people born into circumstances similar to our own, whose parents never went to university, should have the chance to go to university. That is why we are putting in place policies to improve academic education. Again, however, we do not know whether the right hon. Gentleman supports or opposes the investment we are putting in to improve it. Does he support or oppose our reading check at the age of six, to make sure every child is decoding fluently, and will be literate by the time they leave primary school? Is he in favour of that, or against? Does he oppose or support our position on GCSEs? Does he believe it is right or wrong to get rid of modules in order to make them more rigorous? Does he back or oppose the English baccalaureate? Does he believe it is right to encourage more students—*[Interruption.]* There is only one answer that he and some—some, I stress—Opposition Members have to the question of how to increase aspiration, and it is represented by three letters: EMA. It is important that we remove barriers and that we have the right support, but in respect of social mobility it is also important that we have a coherent and inclusive widespread education policy. From the Opposition, on all these areas we have either mulish silence or reactionary opposition.

Is the right hon. Gentleman for or against our drive to ensure that more students get good GCSEs in English, mathematics, sciences, languages, modern history and geography? I could not tell last week. At the beginning of last week he was against, in the middle of last week he was almost in favour, and towards the end of last week Labour MPs were telling me that it was now their party's position to support our English baccalaureate.

Paul Farrelly: *rose—*

Michael Gove: Perhaps the hon. Gentleman can tell me which of these policies he supports or opposes.

Paul Farrelly: The one thing that I can tell the Secretary of State is that 1,700 students in Newcastle-under-Lyme will be affected by the withdrawal of EMA. This is his policy, so can he tell the House how many students in Surrey Heath will be affected?

Michael Gove: Overall, 45% of students are eligible for EMA. The proportion is smaller in Surrey Heath than in Newcastle-under-Lyme, but of course the number of students who will receive enhanced support depends on the new improved provision that we hope to bring in.

Emily Thornberry: Ten youngsters from City and Islington college have come to Westminster to listen to this debate on EMA and they would very much like to have 10 minutes with the Secretary of State. I warn him that they are articulate, clever and very persuasive—but may I ask him to give them 10 minutes this afternoon?

Michael Gove: If the hon. Lady will join us, I would be delighted to talk to them at any time. Perhaps I should visit their college so that rather more than 10 of them can have a word with me.

Kevin Brennan (Cardiff West) (Lab): Will the right hon. Gentleman give way?

Michael Gove: No, thank you. It would be a pleasure to spend time with the hon. Lady and her constituents. I know how many of them in London schools are passionately committed to greater equality.

Hazel Blears *rose—*

Michael Gove: I will give way to the right hon. Lady and then I will try to make some progress.

Hazel Blears: The Secretary of State has said time and time again that he supports breaking down the barriers and that he supports aspiration. Is he aware that Salford had the lowest staying-on rate in the whole of Britain before the introduction of EMA, but within months of its introduction the number of young people staying on at 16, not just to go to university but to get the vocational qualifications they need to have the chance of a decent future, increased by 10%? I am at a loss to know why he thinks that abolishing EMA will give young people in Salford the same opportunities as they have had for the past few years. I cannot believe that the Secretary of State is setting out on a deliberate path to limit the aspiration and social mobility of young people in Salford.

Michael Gove: The right hon. Lady knows that I am a fan of her and her policies. *[Interruption.]* It is a pity that more of them are not adopted by the Labour party now. However, she will also be aware that a number of things have helped to improve the staying-on rate and ensured that children have more opportunities. Central to that is ensuring that the right offer is in place in terms of the nature of qualifications, and that we improve both vocational and academic learning, as well as teacher quality. As my hon. Friend the Member for South West Norfolk (Elizabeth Truss) said, policies to improve teacher quality were not mentioned in the speech made by the right hon. Member for Leigh, which lasted for nearly an hour. He did not make it clear, at any point, whether he backed or opposed our investment in expanding Teach First.

Mr David Anderson (Blaydon) (Lab): Will the Secretary of State give way?

Michael Gove: Not yet. That was a choice and it costs, so does the right hon. Gentleman support it? We do not know. Does he back our expansion of Future Leaders? That is an investment, it costs, and we chose. Does he back it? Our expansion in the number of national and local leaders of education costs, and we invested, so does he back it or oppose it? On all those policies, we hear silence. On policies to tackle underperformance, we are extending academy freedoms to 400 new schools. Does he support that extension of opportunity? Does he support, or would he reverse, our policies to get stronger schools to help weaker schools? Does he support, or would he reverse, our policy on getting the schools commissioner back in place to turn failing schools around? Those are all policies being introduced by this coalition Government to extend social mobility and opportunity, but on every one the right hon. Gentleman is silent. He has only one policy: to spend money that we do not have.

Ms Buck: The right hon. Gentleman visited Westminster academy, in my constituency, which was established by the previous Government and which introduced and piloted Teach First. Some 80% of sixth-formers at that school receive EMA, but how many will receive a version of EMA when he withdraws 90% of it?

Michael Gove: I did have the great pleasure of visiting Westminster academy, and I am delighted to have the opportunity to do so again later this month. I hope that the hon. Lady will join me then, when we will have a seminar on how we can extend school autonomy and freedom in order to drive up standards for the poorest. The number of children who will receive support, which may be enhanced support in some cases, depends precisely on their circumstances. The point was made in research commissioned by the previous Government—not by us—that the current arrangements for EMA are poorly targeted. Some who need more support do not receive it, and some who receive support should not be receiving the amount that they do.

Several hon. Members *rose—*

Michael Gove: I wish to make some progress, because I wish to discuss one big factor that is referred to in our amendment and lies behind our position, but which the right hon. Member for Leigh completely ignored: the elephant in the room is the dire economic situation that we inherited from his Government. I know that various Labour Members—not all, because some of them are reasonable—will say, "EMA, EMA", as though they were on the benches at Goodison Park—*[Interruption.]*—or anywhere else. But any policy involves a choice, the choice is dependent on the money, and the question is: where is the money coming from?

Several hon. Members *rose—*

Michael Gove: I shall not give way at this stage, because every Labour Member needs to be reminded of the mess that the Labour party landed this country in. I am not going to be put off, deflected or diverted from spelling out these facts. They are the facts that determine every decision that a responsible coalition Government have to take. Seven days after this coalition Government were formed, the International Monetary Fund said that this country had the largest deficit of any G20 country. Why was that? Labour Members say that it was because of the financial crisis, but the truth is that we entered that crisis with the largest structural deficit of any country in the G7. The fault for that debt and deficit lies—

Andy Burnham: Will the right hon. Gentleman give way?

Michael Gove: No, not yet. The fault for that debt and deficit lies with the right hon. Gentleman and his colleagues. The OECD said that in 2000, thanks to Conservative policies, the UK had one of the best structural fiscal positions in the world, but by 2007 we had one of the worst in the G7. Why were we in such a weak position? It was because Labour had doubled our

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debt. In 1997 our national debt was £351 billion, whereas in 2010, by the time the Labour Government had left office, it was £893 billion. You cannot spend money that you do not have. The truth was revealed in a statement secreted in a Treasury desk by the right hon. Member for Birmingham, Hodge Hill (Mr Byrne). In a note to the succeeding Chief Secretary to the Treasury, he said "There's no money." Not a single member of the Labour party has yet had the courage to accept that truth, and to atone and apologise for it.

John Woodcock (Barrow and Furness) (Lab/Co-op) *rose—*

Michael Gove: I wonder whether the hon. Gentleman will.

John Woodcock: The Secretary of State is talking about things that have been written down. Does he also accept that this is also about values? Will he therefore clarify for the House whether he wishes to apologise for the remarks, to which my right hon. Friend the shadow Secretary of State referred, that he made in his article in *The Times* about the attitude to debt and the consequences for people going to university?

Michael Gove: That article in *The Times* was actually in favour of the previous Government's efforts to improve access to university. Unlike many Labour Members, I supported what Tony Blair was doing on university tuition fees; I do not know whether the hon. Gentleman did. But never mind that, because the truth is that no Labour Member has atoned or apologised for the huge economic mess in which we have been landed. This is appropriate, because the motion stands in the name of the right hon. Member for Leigh, and he was the Chief Secretary to the Treasury when the ship was steered towards the rocks, so he cannot point the finger at anyone else—

Andy Burnham: Will the Secretary of State give way?

Michael Gove: Not yet. Between June 2007 and January 2008 Northern Rock collapsed, the international banking crisis began and the global recession started. All of that happened while the right hon. Gentleman was at the Treasury.

Andy Burnham: Will the right hon. Gentleman give way?

Michael Gove: Not yet. That may just be coincidence, but what was deliberate was that instead of getting control of public expenditure—*[Interruption.]* I know that the hon. Member for Islington South and Finsbury (Emily Thornberry) does not like being reminded of what happened under her Government and on her watch, but as long as I have breath in my body I will remind the people of this country of the devastating mess that the Labour party made of the economy. It is rank hypocrisy—

Mr David Winnick (Walsall North) (Lab) *rose—*

Michael Gove: Sit down. It is rank hypocrisy—*[Interruption.]* The hon. Gentleman voted for it; we all know the role he played.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. The Secretary of State is getting very excited. Members are trying to intervene, but I will decide when they have stood on their feet too long. I am sure that the right hon. Gentleman would like to carry on putting his points across to the Chamber.

Michael Gove: Thank you, Mr Deputy Speaker.

Yes, I am passionate about this. Why should young people be saddled with the economic mess left by that lot? That lot then come back here to say that we are taking opportunity away, knocking the ladder away and increasing youth unemployment, but who created this mess? It was the guilty men and women on the Opposition Front Bench. When the right hon. Member for Leigh was Chief Secretary to the Treasury—

Mr Winnick: Will the right hon. Gentleman give way?

Michael Gove: No.

When the right hon. Gentleman was Chief Secretary to the Treasury, in the first three months—we should remember that the economy was growing at the time—he borrowed an additional £7 billion, and in the next three months he borrowed an additional £21 billion. For every hour that he was Chief Secretary, our debt rose by £5 million—and as I said, the economy was growing at that time. Perhaps he will now take the opportunity to defend his impressive stewardship of this nation's finances during those seven magical months.

Andy Burnham: I was the Chief Secretary to the Treasury who produced the spending review that was described by the Prime Minister as "tough" in 2007. If the right hon. Gentleman is so clear about all those "facts" that he is setting out for the House, why did he promise in March 2010 to keep the education maintenance allowance?

Michael Gove: Since coming into office, I have had many opportunities to look at the devastating mess that was left to us. I have also had the opportunity to reflect on the number of interviews and books written by those who sat alongside the right hon. Gentleman in government. One is a chap called Darling—do we remember him as Chancellor of the Exchequer? He pointed out that in autumn 2007 we had reached the limits of what should have been spent, but when the right hon. Gentleman was still in the Treasury he was spending and borrowing more.

It is also the case that a gentleman called Blair—Anthony Charles Lynton Blair, the former Member for Sedgefield—said:

"from 2005 onwards, Labour was insufficiently vigorous in limiting or eliminating the structural deficit".

Mr Blair reflected on what should have been done and said that we should have taken "a new Labour way" out of the crisis. First, he said that we should have kept direct tax rates competitive, which we have done. He thought there should be a gradual rise in VAT and other indirect taxes, which we have brought about, and that we should have pushed further and faster on reform of public services, which we have also done. Why? Because, Mr Blair said, the danger is that

"If governments don't tackle deficits, the bill is footed by taxpayers, who fear that big deficits now mean big taxes in the future, the prospect of which reduces confidence, investment and purchasing power. This then increases the risk of a prolonged slump".

And that is precisely what the policies of the deficit deniers on the Opposition side would do—increase the risk of a prolonged slump, with economic policies that make no sense, at a time when we all need to focus on helping the poorest by getting the deficit down.

Several hon. Members *rose—*

Michael Gove: It is now a pleasure to give way to the hon. Member for Walsall North (Mr Winnick).

Mr Winnick: At one moment the deficit is cited as the reason for the abolition of EMA, and in another moment we will no doubt hear the educational reasons. The right hon. Gentleman cannot seem to make up his mind. I wrote to all the secondary schools in my constituency asking what percentage of 16 to 19-year-olds were receiving EMA—in a constituency and borough where incomes are considerably lower than in the right hon. Gentleman's constituency. In every case the heads replied that it was more than 50%. In one school it was as high as 75%, and in Walsall college it was nearly 60%. These were matters that I raised on the Adjournment last week. What will happen to those who now receive EMA, and young people in the future, who want to stay on beyond the compulsory leaving age but find it very difficult, financially, to do so?

Michael Gove: I am grateful to the hon. Gentleman, whose commitment to this issue I know to be profound, which is why he raised it on the Adjournment last week, when the Minister of State, Department for Education, my hon. Friend the Member for Bognor Regis and Littlehampton (Mr Gibb) had a chance to reply. I would, of course, expect that in any disadvantaged constituency such as the one that the hon. Gentleman represents so well, a significant number would be in receipt of EMA. Nearly half of students receive EMA.

I put that to the right hon. Member for Leigh, but I received no reply. He grudgingly acknowledges, under questioning from Government Members, that there is a case for reform—so far, so good—but when put to the test and asked what sort of reform, what numbers, what tests and on what basis, he did not—*[Interruption.]* Is he now retracting? Free bus travel is mentioned, but has the cost to the Exchequer been taken into account? *[Interruption.]* Look, I am asking the right hon. Gentleman questions, but once again he is ducking and diving, dodging and weaving, and refusing to address the vacuum where policy should be.

Several hon. Members *rose—*

Michael Gove: I give way first to my hon. Friend the Member for Croydon Central (Gavin Barwell).

Gavin Barwell: Does my right hon. Friend agree that the suggestion made by the shadow Secretary of State—that the cuts to every budget should be proportional—would have been the wrong course to go down, because that would have prevented the Government from protecting the schools budget in real terms?

Michael Gove: My hon. Friend is absolutely right. It was interesting to hear the shadow Secretary of State arguing for the equivalent of the Geddes axe, with every service receiving the same cuts. That would presumably mean cuts to the NHS, cuts to the schools budget and cuts to Sure Start simply in order to satisfy his desire for consistency on this policy. As the right hon. Gentleman should have discovered when he was Chief Secretary to the Treasury, to govern is to choose, and to have priorities.

Richard Fuller (Bedford) (Con): There are 1,200 students in my constituency who receive EMA. My right hon. Friend is giving them a very good lesson about who is responsible for the difficulties they will encounter over the coming months: the previous Government. Will he also teach them two other lessons? First, the shadow Secretary of State was part of the Government who spent all the money so that there is nothing left. When it has been spent, there should be some answers about what needs to be done with the wreckage left behind. Secondly, there is the lesson that when we are in tough times, we need to focus resources on those who are most vulnerable.

Michael Gove: My hon. Friend makes an admirable and correct point.

Several hon. Members *rose—*

Michael Gove: I am happy to give way to my hon. Friend the Member for—Nuneaton. I believe. *[Interruption.]* No, I should have said my hon. Friend the Member for Tamworth (Christopher Pincher).

Christopher Pincher: Is my right hon. Friend aware that almost 80% of institutions offer tailored support to disadvantaged young people quite separately from EMA, yet only 11% know about it? Is it not more sensible to target help by increasing knowledge about that alternative funding that is available, as it comes from institutions and so will not cost the taxpayer as much?

Michael Gove: My hon. Friend makes a good point. One point identified by the previous Government's research commission is that one of the biggest barriers to participation is inadequate advice and guidance.

Several hon. Members *rose—*

Michael Gove: I am now confronted with an embarrassment of riches. I would like to give way to ensure that as many Members as possible have the chance to intervene. I give way first to the hon. Member for Birmingham, Erdington (Jack Dromey).

Jack Dromey (Birmingham, Erdington) (Lab): I am grateful to the Secretary of State. Erdington has high youth unemployment, but excellent young people who want to get on. Does the right hon. Gentleman not accept that it is the combination of soaring tuition fees, the abolition of EMA, the scrapping of the future jobs fund and now the cuts forced by his Government on local youth services—a toxic combination—that will dash hopes, deny aspiration, fuel rising youth unemployment and lead once again, as in the 1980s, to a lost generation of young people?

Michael Gove: That is a passionate intervention, and I know that the hon. Gentleman has devoted his whole life in the trade union movement and elsewhere to trying to secure a better deal for the worse-off. I take

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nothing away from the force with which he makes his case, but practical steps are being taken, including in his own constituency, to provide a better deal for the worse off. That includes a new arrangement with a comprehensive in Sutton Coldfield to sponsor a school in his constituency so that they can both enjoy academy status and both have their standards driven up. I hope that I can co-operate with him and secure his support on that policy, alongside many other policies that we wish to introduce so as to target support better on the disadvantaged.

Alison McGovern (Wirral South) (Lab): In response to the hon. Member for Tamworth (Christopher Pincher), the Secretary of State mentioned the discretionary support fund that is available for schools, but one of the most common questions that I have been asked by principals of colleges and schools in my constituency is whether the fund is available for transport. EMA is vital to give young people a choice of college and school courses, so will he comment on whether funds will be available to help young people with the cost of transport?

Michael Gove: That is a very good point. The hon. Lady has alighted on something that is critical and constructive. I shall say a little more about transport in my speech, but one thing I should say is that local authorities have a statutory duty to ensure that there is no barrier to participation for 16 to 18-year-olds because of transport. Currently the discretionary learner support fund cannot be used to fund transport, but I would like to ensure that any replacement for EMA can cover additional transport costs. However, we must ensure that local authorities cannot shirk their responsibilities in law.

Several hon. Members *rose—*

Michael Gove: I shall give way to three more Members—one from each party.

Dr Julian Huppert (Cambridge) (LD): Can the Secretary of State give some assurance that the reform will mean that the people who have been highlighted by the shadow Secretary of State as being most in need will get more help, and that the new system will be better for those people, whom we should care about most?

Michael Gove: My hon. Friend is absolutely right. The aim of the coalition Government is to target support better on those who need it, and our first concern is for those with special educational needs, those with learning difficulties and those who face real barriers to participation. I have had an opportunity to talk to my hon. Friend, who I know is passionate about these issues, and a number of his colleagues to try to ensure that the solution we frame, in keeping with the principles outlined by the right hon. Member for Bermondsey and Old Southwark (Simon Hughes), captures exactly those most deserving cases.

Joan Ruddock (Lewisham, Deptford) (Lab): Some 1,400 students at Lewisham college, most of whom are from ethnic minorities, receive EMA. Would it not be invidious for the principal of that college to have to choose just 140 of those students under the Secretary of State's revised scheme? More importantly, what does the Secretary of State have to say to students on two-year courses, 229 of whom will be cut off at this moment without any possible hope of continuing their courses, without the £30 a week that matters enormously to very low-paid families in my constituency?

Michael Gove: Any Member of Parliament representing a Lewisham constituency is dealing with a huge range of difficult educational and social issues. I had the opportunity to visit Haberdashers' Aske's Knights Academy, which has a sixth form, in Lewisham last Friday. I had a chance to talk to the students and principals there and they would like to see several changes, broadly in line with the coalition Government's education policy. One position that I think is shared between the right hon. Lady, me and the students to whom I spoke is the belief that any replacement for the EMA needs to be, as my hon. Friend the Member for Cambridge (Dr Huppert) pointed out, targeted on those in the most need. Of course, those people will be more heavily represented in a constituency such as the right hon. Lady's.

Andrew Percy (Brigg and Goole) (Con): I shall have something more to say on EMA if I am called to speak later, but on transport let me set out the situation in north Lincolnshire. When our Labour-run council came to power it increased the cost of the post-16 travel pass by 500%, so it was giving money with one hand through the EMA and taking it back with the other through the transport passes, which went up from £30, when the Conservatives ran the council, to £180—and they are now £195. Will the Secretary of State ensure that whatever replaces EMA will provide for people in constituencies such as mine who live in very rural areas, for whom getting to college is a great expense?

Michael Gove: My hon. Friend makes a very good case. As he is a former teacher and he came to the House to advance social mobility, I take seriously everything he says on these issues.

Kevin Brennan: On a point of order, Mr Deputy Speaker. The hon. Member for Cambridge (Dr Huppert) is tweeting from the Chamber right now that the shadow Secretary of State has refused to meet the right hon. Member for Bermondsey and Old Southwark (Simon Hughes), but in fact the shadow Secretary of State has already met him, and is prepared to meet him at any time. Is it in order for a Member, in the course of a debate, to make points about participants in the debate without doing it here so that everyone can hear the point they are making and have an opportunity to rebut it?

Mr Deputy Speaker (Mr Lindsay Hoyle): What I can say is that it is for me to keep order in the Chamber. I am glad that the hon. Gentleman has brought this to my attention, and I am sure that no hon. Member will be tweeting from the Chamber to let people outside know what is going on.

Michael Gove: Thank you, Mr Deputy Speaker. I am grateful to the hon. Gentleman for making his point, but I do not know what it says about my hon. Friend the Member for Brigg and Goole (Andrew Percy) or the right hon. Member for Lewisham, Deptford (Joan Ruddock) that while they were making their interventions,

he thought his own Twitter feed was more intriguing than the points they had to make. However, he is a genial soul and I know they will forgive him everything, as will I.

Let me return to the central theme of many of the interventions we have just heard—the need to target support better on the poorest. In the context of everything we are doing in education, the coalition Government have already made a series of decisions, with constrained resources, to make sure that the poorest benefit from our policies. We are extending free child care to 15 hours a week for all three and four-year-olds. That did not happen under the previous Government and I had hoped they would support it, but we have introduced it. We are also extending free child care to 100,000 of the poorest two-year-olds. That happened on this watch. Those 100,000 children would not have received free child care and preparation for school if it had not been for the commitment of the coalition Government. I am grateful that some Opposition Members, such as the hon. Member for Nottingham North (Mr Allen) and the right hon. Member for Birkenhead (Mr Field), support us, and I am sure that many others recognise that this is a progressive step that all should applaud.

We are also implementing a pupil premium—£625 million this year, rising to £2.5 billion by the end of the comprehensive spending review. As a direct result of that, every poor child will have thousands more spent on their education. That money will be invested in better teaching, one-to-one tuition and catch-up learning, all of which is additional money on top of the schools budget. That policy was rejected by the Labour party in coalition negotiations. In order to make sure that all those interventions to help the poorest could be funded, the coalition Government had to take some tough choices, one of which is to replace EMA with a new system of support.

Roberta Blackman-Woods (City of Durham) (Lab): Will the Secretary of State give way?

Michael Gove: In a second.

The reason we are replacing EMA—beyond the desperate financial situation that we inherited—is that we are making our policy based on evidence that was commissioned, sifted, prepared and analysed by an organisation that was working for the previous Government. The National Foundation for Educational Research was commissioned by my predecessor to look at the barriers to continued participation in education for 16, 17 and 18 year-olds. I shall go into some detail about what the report argued. It concluded that EMA or any replacement for it should be targeted better at those young people who feel that they cannot continue in learning without financial support. That argument has consistently been made in the debate by a number of people from different parties. Yes, we acknowledge that there will have to be cuts—although the right hon. Member for Leigh will not say how many—and, yes, we acknowledge that some of the people who currently receive it might not be the most deserving. If the economy were growing it would be fantastic to offer that incentive, but given that it is not, let us make sure that those most in need are supported.

Half of young people receive EMA, but only 12% of them—so 6% of students overall—said that they needed financial support to stay in learning. The NFER says that financial support should be increasingly targeted at those most in need, and I could not agree more. Specific financial barriers to learning—which have, I must in fairness add, been mentioned by the right hon. Member for Leigh—are faced by particular students. I am particularly conscious of the need to support students who have learning difficulties, and I am aware that when students have caring responsibilities they need more support. I am particularly aware that when students are teenage parents, additional financial support will be required because of their specific circumstances. In the scheme that we are developing, all those considerations weigh heavily with me.

There are also individuals in specific circumstances who need additional support, as the right hon. Member for Leigh has also pointed out. Additional support sometimes depends on the course one pursues. If one is pursuing a catering course, the cost of buying whites and knives and so on will be more than the cost of an academic course in a sixth form where the books are supplied and the costs of participation are less. We need to take that into account, as well as the need for straightforward support. There are poorer students at school who will be eligible for free school meals—and quite right too—who will not have that support in FE colleges. One of the questions in my mind is how we can ensure that the basic maintenance needs to keep body and soul together, which poorer students require, will be available, whatever institution they attend.

There are also students—particularly, but not exclusively, in rural areas—who face barriers to participation because of transport costs and transport sparsity. Again, I am looking at all those areas. I am helped by the detailed work that has already been undertaken by the right hon. Member for Bermondsey and Old Southwark. His job as access advocate is not just to explain how our policies can help social mobility at every stage; he is making sure that the replacement for EMA deals with all the real-world issues. I am grateful to him for his support, as I am grateful to any hon. Member who can make constructive suggestions about how we can better target the money given the constraints under which we operate.

Julie Hilling (Bolton West) (Lab): Does the right hon. Gentleman accept that the research about students staying on was flawed? It was narrow, talked only to young people in sixth forms and did not talk to their parents, who actually make the decision about whether the child can stay on at school.

Michael Gove: I am grateful to the hon. Lady for making that point. In fact, the survey was wide-ranging; more than 2,000 people were approached. It was scientifically conducted, and the organisation was commissioned by the previous Secretary of State. I had my differences with him, but I think the research is impeccable. However, the hon. Lady makes a good point about parents. As I am sure all Members are aware, any child who stays in education beyond the age of 16 makes their family, and of course the mother, eligible for child benefit. One of the things that the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) explicitly stated when he was Chancellor of the Exchequer was that he envisaged, in the first instance, that child

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benefit would go in order to pay for EMA. He said subsequently that actually they could pay for both child benefit and EMA because of the success of the Labour Government in removing our debt. Now that we have a massive debt, there is a tough decision to be made, and this Government have decided to keep child benefit for those over the age of 16. The question for Opposition Members who want to maintain EMA at its full level is whether they would cut child benefit to pay for it.

Barbara Keeley (Worsley and Eccles South) (Lab) *rose—*

Michael Gove: Would the hon. Lady do that?

Barbara Keeley: I want to take the Secretary of State back to the subject of vulnerable young people, particularly young carers. I have raised the point in debate on a number of occasions, for example in the Christmas pre-recess Adjournment debate. Removing a national scheme, from which a group of young carers in Salford benefit, particularly because almost all of them are in receipt of EMA, and replacing it with a scheme one tenth of the size and at the discretion of college principals, will not be the answer. College principals do not know who their young carers are. The right hon. Gentleman needs to be clearer, and more work needs to be done, because those young people deserve the support offered by EMA and they will not manage without it. They will struggle and their caring work load will swamp them.

Michael Gove: The hon. Lady makes a good point. We want to ensure that learners with caring responsibilities are looked after. They are a small but growing number, who face enormous challenges and are living heroically, attempting to balance their responsibilities. In any replacement scheme, we need to ensure better targeting. The truth is that the current scheme does not effectively target those people.

Alun Cairns (Vale of Glamorgan) (Con): The NFER data that the Secretary of State has highlighted are startling, in that they demonstrate the amount of dead-weight and inefficiency in the existing arrangements. Can my right hon. Friend tell us whether he has had any helpful suggestions from the Opposition as to what changes could be made to target support more efficiently, particularly in light of the needs of many students that he has highlighted?

Michael Gove: My hon. Friend makes a good point. I have had a couple of helpful suggestions from Opposition Back Benchers—I shall not name them—who recognise that we need to make reductions and believe that support can be better targeted. I have looked at their submissions and they have helped to shape my thinking. In the same way, I have been fortunate in that a number of Liberal Democrat and Conservative colleagues have made points to me about how a replacement scheme should be targeted. Many of the arguments had occurred to me beforehand, but many were made with such force and passion and were backed up with such persuasive facts that they have certainly shaped our policy. The opportunity exists for other Members to make such points, and although I am not sure that the seminar-style atmosphere of an Opposition day debate is necessarily ideal for such submissions, I am always grateful to receive them.

Julian Smith: On behalf of students and staff at Craven college in my constituency, I thank the Secretary of State. They made strong representations to me about the need to look at travel in the reworked EMA, so I thank my right hon. Friend for agreeing to do that.

Michael Gove: I am grateful to my hon. Friend.

Several hon. Members *rose—*

Michael Gove: I want to make some progress.

On travel, it is important that we recognise that local authorities are under a statutory duty to support young people aged between 16 and 19, and, up to the age of 24, any young learner with learning difficulties, to get to school or college. It is the law. Local authorities are failing in their statutory duty if they do not provide support. The Apprenticeships, Skills, Children and Learning Act 2009 strengthened that duty. Local authorities must consult young people and their parents, publish an appropriate plan and ensure that there is access.

I appreciate that local authorities, like all of us, are having to deal with the consequences of the desperate financial mess the previous Government bequeathed us, but the best local authorities are showing the way. Oxfordshire provides transport and totally waives the cost for any student whose family is in receipt of income support, housing benefit, free school meals or council tax benefit. Essex waives travel costs for children in receipt of a range of benefits. In Liberal Democrat-controlled Hull, any student in receipt of education maintenance allowance also receives a travel grant to cope with the full cost—

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): They won't now.

Michael Gove: I suspect they won't if a Labour council takes power, but if people are wise enough to vote Liberal Democrat at the next local election in Hull—[HON. MEMBERS: "Oh."]—or for the Conservatives in any seat where we are well placed to defeat Labour, they will have a council that is fulfilling its statutory duty. It is no surprise that there are Liberal Democrat and Conservative councils that ensure that all students receive the support they deserve. It is striking that that is in addition to EMA.

Jeremy Corbyn (Islington North) (Lab): Transport costs are obviously a major factor for students all over the country. Can the Secretary of State explain why under the Transport for London fares rise approved by Boris Johnson, EMA-receiving students are charged 65p per bus fare, whereas under the previous Ken Livingstone regime they all had free bus travel to encourage young people in London to stay on in education? Will the Secretary of State have a word with his friend the Mayor of London?

Michael Gove: I am grateful to the hon. Gentleman for that opening salvo in the Re-elect Ken campaign. Behind it, there is an important point, which is that in London transport and travel costs are significantly less—whoever the Mayor is—than those faced by people in rural constituencies. I was particularly struck by the testimony of the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) that students in his constituency may need to undertake a round trip of two hours a day to reach a further education college. In constituencies

such as those represented by the hon. Members for Wells (Tessa Munt) or for Mid Dorset and North Poole (Annette Brooke), significant journeys have to be undertaken. I am also aware that because of the nature of sixth-form and FE college provision, many students will travel further for their sixth-form education than they would for school education. That is why the statutory duty exists. I am grateful that the Local Government Association has been so positive about so many coalition policies, and I shall work with local authorities to ensure that we can continue to provide that support. Let us be clear: EMA was designed and implemented to augment an existing statutory duty, not to replace it.

Several hon. Members *rose—*

Michael Gove: I shall not give way at this stage. I am conscious of the amount of time that has passed, and conscious too that many hon. Members want to speak in the remaining part of the debate.

If we are to increase participation, and if we are to generate greater social mobility, we need to be clear. we need to remove barriers. We also need to ask who faces the largest barriers. How can we help them better and what are the other barriers, as well as the financial one? The research shows us that, yes, the cost of transport, the cost of equipment or the cost of some maintenance can be a factor for some students, but it also shows us that there are bigger barriers: poor guidance, with students not being offered the right advice; poor choices, with an inadequate range of courses available; and above all, poor attainment. The real barrier to participation in education after the age of 16 is the quality of education that a person has received up to the age of 16. Yes, half this country's students are in receipt of EMA, but by the time that half this country's students reach the age of 16, they do not have five good GCSEs. We discovered the other week that barely 15% of students have GCSEs in the five essential areas of English, mathematics, science, languages and the humanities.

If we really believe in generating social mobility in this country, we must ask ourselves how every pound is best invested. Graham Allen is quite clear: spend it at the beginning. Frank Field is quite clear: spend it early on. The coalition Government are quite clear—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. The right hon. Gentleman knows better than to refer to Members of the House in that way.

Michael Gove: I am sorry, Mr Deputy Speaker.

The hon. Member for Nottingham North—a Labour Member—and the right hon. Member for Birkenhead are quite clear that we should invest in the early years. That is what the coalition Government are doing, and at a greater rate and in a more powerful way than the previous Government. The investment in early years, the reform of education, the investment in the pupil premium and the range of reforms that I mentioned earlier—the right hon. Member for Leigh has remained silent about them—make up a powerful package to generate greater social mobility.

The question for all hon. Members is: are we going to be sufficiently grown up to acknowledge that we have a deficit, or are we going to be deficit deniers? Are we going to be progressive enough to target support at those who need it most, or are we going to say that the existing system is perfect and need not be reformed? Are we going to say, "Let's get our whole school system right," or are we just going to spend more on one unreformed benefit? There is a basic choice today: vote with the Opposition, and therefore vote for reaction, complacency and deficit denial; or vote with the Government, and therefore vote for progressive policies, an education policy that will really change things and an opportunity, at last, to kick-start social mobility in this country.

3.1 pm

Derek Twigg (Halton) (Lab): I am grateful for the opportunity to speak in the debate. I wish that the Secretary of State would stop the nonsense of talking about deficit denial. We know that the bankers caused the crisis. We invested in the economy to ensure that we could keep people in work and in their homes, and so that we could fund education—that is the difference between us and the Government.

We are considering not only cuts to EMA, but the Government's wholesale betrayal of balancing their cuts towards young people. EMA has been a lifeline for young people, especially those from less well-off backgrounds, of whom there are many in my constituency. However, the cut must be considered in the context of what has happened to the likes of Halton under this Government. In addition to the cut in EMA, we have faced a massive £180 million cut in Building Schools for the Future. The tuition fees policy will have a particular effect on my constituents, and we experienced a £1.2 million education cut last year, although Tory-controlled Cheshire West and Cheshire East councils had a cut of only £600,000. We must not forget that the Government have made a deliberate ideological attempt to make cuts in Labour authorities and areas.

EMA has been an important tool to support young people in education and to encourage them to stay on, succeed and realise their aspirations. It also supports choice because it allows young people to choose the institution that is best for them, not just the nearest one. Ending the payment stacks the odds even more against those who have least but want to get on in life.

Halton benefited from being one of the original pilot areas for EMA. There was a 55% increase in EMA recipients between 2004 and 2010, with last year's numbers exceeding 2,000 recipients. From talking to young people, I know how important EMA has been to them, so its withdrawal will lead to students dropping out and becoming NEETs—those not in employment, education or training—which will have a significant economic and social impact in deprived areas such as Halton. That would go against the so-called coalition's policy of reducing the number of NEETs, and it would also reverse the marvellous progress that has been made in Halton to reduce its proportion of NEETs from 8.3% in 2007 to 4.5% last year.

The Association of Colleges reports that the National Foundation for Educational Research estimates that 12% of young people who received EMA believed that they would not have participated in their courses if they had not received it. In some colleges, half the students surveyed said that they felt that they would not be able to continue their course following the withdrawal of EMA, while a further third thought that they would need to weigh up the pros and cons of staying on at college.

[Derek Twigg]

Mike Sheehan is the widely respected principal of my constituency's Riverside college—the college I attended. He has turned round a number of failing colleges and is achieving great things at Riverside college. He says that the withdrawal of EMA on new year's eve has adversely affected recruitment to the college's January programme. The figures are down by almost three quarters—just 25 students compared with 106 last January. He is worried about the students who enrolled on two-year courses in full expectation of receiving EMA throughout their course. It is unfair that EMA is being withdrawn partway through courses, and the Association of Colleges says that that will affect 300,000 young people throughout the country. Mr Sheehan says:

"Attendance, retention and achievement have risen drastically at Riverside College in recent years. We are absolutely convinced that EMA has played a significant part in bringing about these improvements. It has provided a real incentive for young people to attend fully and to stay at college."

Some surveys have pointed to higher attendance and take-up rates for courses among young males from disadvantaged backgrounds who receive EMA. That is especially important in deprived areas such as Halton, and that is to say nothing about the higher earning potential of better-qualified students who complete college and the contribution to the economy that they can therefore make. According to this month's Commons Library statistics on EMA and the Government's research figures, that contribution more than offsets the costs of the EMA programme.

Both the Secretary of State and his shadow spokesman touched on a fundamental aspect of EMA for students from poorer backgrounds: the ability to pay for meals, books and educational equipment. One of the main uses of EMA, however, is the funding of transport. In December 2010, the Association of Colleges commissioned a survey to detail the accessibility of transport to people aged 16 to 19 attending college. It found that 94% of colleges believe that the abolition of EMA will affect students' ability to travel to and from college. The support given by local authorities is extremely varied. Some 29% of authorities provide transport while 20% give financial support. Around 18% provide both, but 27% provide neither. Existing local authority transport provision is extremely patchy, and local authorities cannot be expected to pick up the tab for the withdrawal of EMA.

The Secretary of State might wish to examine Halton's case. We had £30 million taken out of a £130 million budget as a result of the local government settlement, in-year cuts and other changes to programmes. If he thinks that any council, let alone a small one such as Halton, can bear such a cut without services being affected, he is in a different world. Councils cannot find additional funding to fill that sort of gap.

Paul Farrelly: Does my hon. Friend agree that, as with the rest of the cuts agenda, the Secretary of State's debt argument is simply a spurious decoy? Estimates of the debt position improved following the election, so the position was better after the election than when the Secretary of State promised that he would not abolish EMA.

Derek Twigg: We worked hard on the economy to keep people in work and to give them housing support. Today's unemployment figures show the effect of the cuts that have already taken place, and we will see the real effects in the next year or two. The Government's position is a red herring.

I will make another point to the Secretary of State, if he will listen for a second: if he is to bring forward another policy, when will we see it? As Mr Sheehan told me, the situation is causing a lot of uncertainty in colleges.

This is another example of the Government's broken promises, as we have seen with the economy, health and transport. We have heard that the Prime Minister and the Secretary of State said that they would keep EMA, so this is a big broken promise on education. They are letting down hundreds of thousands of young people throughout the country, and at least 2,000 or 3,000 young people in my constituency will be affected over the next few years. This disgraceful policy discriminates against the poorest and the most deprived communities, so the Secretary of State should apologise for it today.

Several hon. Members *rose—*

Mr Deputy Speaker: Order. Before I call the next speaker, I point out that many hon. Members wish to speak. The previous speaker set a good example by not using the full eight minutes. The fewer the interventions, the more speakers I can call.

3.9 pm

Mr Graham Stuart (Beverley and Holderness) (Con): It is a pleasure to take part in the debate about scrapping the education maintenance allowance. I share the frustration of many Opposition Members about the potential impact of abolishing it. However, although they may deny the relevance of the deficit, my anger is directed at the Labour party and the state in which the previous Government left the public finances.

John Cryer (Leyton and Wanstead) (Lab): You should remember you're the Chair of the Committee.

Mr Stuart: I am entirely happy to chair a Committee and to bear witness to the reality of education funding. I am involved in education and serve on the Committee because I care passionately about improving the quality of education and opportunity in this country. We may hear from others later, but the shadow Secretary of State did at least have the goodness to recognise that there was room for reducing the deficit. However, he would not tell us where, what, when or how. When I consider the attempt to make more effective interventions in the early years and I look at the nursery education opportunities for two-year-olds, I ask myself whether I would prefer to cut that or keep the EMA.

A Labour Member suggested that there might be differences between Members. In my constituency, some students travel for an hour and 40 minutes each way to attend Bishop Burton further education college. That is a real issue for a rural area such as mine. However, I know that half of all 17 and 18-year-old full-time students are eligible for EMA, and I am aware of the chronic crisis and pressure on education budgets—the desperate desire to deliver the outcomes that we have

struggled to provide from our system. I have said it before, and I will risk repeating it: I know that the Labour Government were utterly committed to trying to close the gap. They had will and they had resource—a resource which has sadly gone—yet too often the gap widened rather than narrowed. I do not blame the Opposition for using this issue today, but I hope that we will collectively, not in a party political way, take the limited funds that are available—the deficit is not an irrelevant fact but the fundamental elephant in the room—and look to do what is best. We had a lot of spending previously, and we have a diet of hard decisions now. They must be faced.

The shadow Secretary of State suggested that the best approach was to cut everything by the same amount. Is that really the strategically sensible way to ensure that we improve outcomes for people in our society, not least those with least? I do not think that it is. So I am interested to know how the discretionary learner fund—the replacement for EMA—will work, because of the realities faced by my constituents, who travel over three hours a day to get to an FE college, and who then achieve at the end of that. If those people manage to do that in the face of great difficulty and personal inconvenience, I want to be sure that colleges such as Bishop Burton, which run private enterprises to make profits so that they can have a fleet of vehicles, are not disadvantaged. Despite those vehicles, the college is worried that the students, who often live in small hamlets, need to travel from their home to the pick-up point for the college bus. We need to ensure that we have a system—whether financed by local authorities or the replacement for EMA—that covers that.

It is hard to believe that EMA as it stands is the most sensible use of scarce resource. I am not trying to make a party political point, and I am mindful of my position as Chair of the Select Committee, but I want us to devise the system that works most effectively and yet does not deny the reality.

When I was first elected as a councillor—in Cambridge—many years ago, I went to a budget survey meeting with the public in a local shopping centre, which the then Labour council had arranged. I was handed a form which gave a list of spending areas for the budget debate. It said, "Please tick all those areas where you would like to see more spending." I am a small-state Conservative in some ways, and I found many items on which I wanted to spend more. I was terribly aware of what went on in my ward—the lack of provision for young people, the need to do more in many areas—and I wanted to tick many boxes. However, the Labour council had sensibly included a proviso, which said, "All we ask is that for every box you tick to give more money, you identify another item on which you want to spend less."

That is the challenge that faces the Select Committee, which will look under the bonnet of the new fund. It will examine engagement and participation by 16 to 19-year-olds. We want to ensure that the dire warnings by the shadow Secretary of State are not fulfilled and that young people are not put off education, but we must realise that we are in a highly constrained position because of this Government's financial inheritance. Like that wise Labour council many years ago, every time we say, "Let's save EMA"—Opposition Members have not made it clear so far whether they want to save all or half of EMA—we should ask, "What will we cut?" Just as in that shopping centre, members of the public, like me, were told, "It's not enough to say you want better youth services; you've got to tell us where to save the money too," if hon. Members are to do justice to the young people, whom we all want to see given decent and proper opportunity, we must ensure that we do so in a financially responsible manner.

3.15 pm

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): It is an interesting debate, but I found it hard to concentrate on the Secretary of State's speech because I was expecting a speech that was focused particularly on the motion and on EMA, but he seemed to want to talk about almost everything else. He spoke endlessly about the economy but said little about EMA.

In my brief speech, I want to make a couple of points. First, as a former Chair of the Education Committee, I say to the current Chair that, as Nye Bevan said, it is a question of priorities, but he and I, and other hon. Members, served on the Committee when it conducted an inquiry into NEETs—one of our last inquiries under the previous Government, and I believe that the impact on NEETs of the removal of EMA will prove very much more expensive than the NEET budget.

I beg the Government to think in terms of the broader picture. The previous Government introduced EMA because we knew that if we could keep a young person on in education from 16 to 18, we had got 'em—they stayed on, and not just to go to Oxford and Cambridge, which the Secretary of State is obsessed with. The one thing that annoys me most is the obsession with which kids who had free school meals went to Oxford and Cambridge. I am a London School of Economics graduate, but I must point out that there are many much better universities than Oxford and Cambridge. There are brilliant universities—the university of Huddersfield in my constituency is fantastic. It has one of the best design and engineering departments in the country. So please, Secretary of State, do not be obsessive about Oxford and Cambridge.

The record is there to show that as a result of the successful policy of introducing EMA, many more young people—a tremendous number—now stay on from 16 to 18. They do not do all the posh things such as going to Oxford and Cambridge or the Russell Group universities, but they stay on for apprenticeships and training; they go for craft training and become technicians. The Secretary of State shares my desire to get more kids to become technicians. There is nothing wrong with that, and EMA has meant that many more have come through. We know that without EMA, many young people will be put off doing so.

With EMA, we have changed the educational culture: it is the one area in which we have done so. Kids now stay on until they are 18 and that opens up their lives to new opportunities. The abolition of EMA will change the culture back to what it was before.

Stephen Williams (Bristol West) (LD): Will the hon. Gentleman give way?

Mr Sheerman: In a moment.

We must also consider the long-term implications and the unintended consequences. I pray in aid a recent report from the Equalities Commission. It showed how

[Mr Sheerman]

many young people from ethnic minorities were unemployed and the sort of employment those who worked had. For example, 25% of Pakistanis are taxi drivers. It showed how many Pakistani, Bangladeshi, black and white working-class young people have been brought into education and stay in education because of EMA. If those young people are not in education or training, they will not get jobs. The long-term cost to our communities will be frightening.

Rushanara Ali (Bethnal Green and Bow) (Lab): In the local college in my constituency, 50% of young people surveyed who receive EMA have said that they are unlikely to be able to stay on in education. That is a damning indictment. Secondly, is my hon. Friend aware that it is predicted that the Government will spend some £40 million trying to cancel EMA? Young people will feel very let down if it is true that so much money will be spent doing that. It is appalling.

Mr Sheerman: My hon. Friend makes a very good point, and I agree with it, but may I press on and say two more things? The first is that when I chaired the Children, Schools and Families Committee, it always believed in evidence-based policy. That means listening to all the evidence, not just taking one bit that we like and saying, "I'll base the policy on this," and ignoring all the other evidence. I ask the current Chair of the Education Committee, when he has an inquiry on the subject—he will have one; it will be too late, but he will have one—to bear in mind that we always took all the evidence.

I have not heard one mention today of Professor Alison Wolf, whom the Secretary of State appointed to look at 14-to-19 education and vocational opportunities. What on earth happened to that? This is just like the increase in student fees; we are to have a White Paper, after the Government have decided what they will do about student fees. It is a classic case of putting the cart before the horse. The fact is that the Secretary of State has got one of the country's leading experts—Professor Alison Wolf from King's College London—to look at the issue, but he will make all the major decisions that will influence how many young people stay on in further and vocational education before she brings forward her report in spring.

Michael Gove: I am grateful to the hon. Gentleman for reminding the House that the coalition Government enjoy the support and advice of the leading figure in the world of vocational education. I am aware of two detailed reports on the effectiveness of the education maintenance allowance: the 2007 Institute for Fiscal Studies report, which showed that the allowance had a marginal impact on both attainment and attendance, and of course the National Foundation for Educational Research report, which was published in the autumn last year. Can he tell me of any other serious reports, from the NFER or anyone else, that make a contrary case?

Mr Sheerman: May I remind the Secretary of State of what one of his favourites, the Policy Exchange, said?

"The only possible remaining argument for the EMA is social justice—that young people from poorer backgrounds deserve to be supported from 16 rather than at 18. This is a pretty weak argument".

So that is another one, and the Institute for Fiscal Studies has looked again at its original research, as he well knows.

Michael Gove: Has the hon. Gentleman actually read the 2007 IFS report, or the 2010 NFER report? If he had read those, and the Policy Exchange report, he would have seen that those three serious academic reports all say that EMA does not produce the benefits that he, in his passion, would like it to.

Mr Sheerman: The IFS report, taken on its own, shows that even if only 8% to 10% of people took up EMA, that would pay for its cost, in terms of the fuller picture. Today, we are talking about the full cost and impact, and the change in the culture in our country. It is interesting; I thought that the Secretary of State was going to tell us what the hell had happened to the Alison Wolf report, and why he was introducing policy before he had even bothered to listen to the leading expert, who he has working on the issue. A lot of us have actually contributed to her inquiry. What was the point of talking to the Government, and giving one's advice and experience, when the Government ignore it because the Secretary of State has introduced his policy before Alison Wolf introduced hers? We will wait and see what the report brings us.

We are at a pivotal moment. I think most people in the House would agree that we have to make some changes—extraordinary ones. If I sat down with a group of people who care about education in this House, and we discussed what we were to cut, we could think extraordinary things. If I were really pushed and wanted to defend EMA, I would go for larger class sizes, because there is real evidence that slightly larger class sizes do not make all that much difference. That might upset some of my colleagues, and I agree that there are priorities to be set and choices to be made, but this Secretary of State has never given us a chance to set priorities.

Several hon. Members *rose*—

Mr Sheerman: I will not give way. The fact is that we could have that negotiation and discussion. It is right that there should be priorities, but removing EMA will hurt all communities, up and down the land. In my constituency of Huddersfield, two FE colleges, Kirklees college and Huddersfield New college, depend heavily on education maintenance allowances; they do a wonderful job in bringing young people who would not otherwise have the chance into education across the piece.

I am reminded that many people on the Conservative side do not actually know much about FE. *[Interruption.]* Listen a minute. Only last June, the Association of Colleges gave a golden award to six people who went to FE colleges. A person could not get through the Conservatives and Liberals who were gathered around Colin Firth as he got his award. He never went to university; he went to an FE college. Those people in this House who understand the wonderful job that FE colleges do will share my feeling that this is a shameful day in education policy—a day on which the Secretary of State did not have the courage to defend his arguments, but instead first used the lifebelt of taking more and more interventions to save him making a speech, and secondly went on about the broader economy. This is a shameful day, and the Secretary of State should be ashamed of it.

3.26 pm

Annette Brooke (Mid Dorset and North Poole) (LD): May I say how pleased I am that the Secretary of State is working with schools and colleges on how the enhanced learner support fund should operate? The few comments that I shall make today are intended to feed into the work that I understand is going on in the vital area of supporting participation in 16-to-19 education and training, and into the work that my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) is carrying out. I believe that there should be a comprehensive view across all education and training for that age group.

Over several years, I have received a number of representations about the unfairness of the EMA system, and I am quite convinced that there is a need for reform, but equally I am concerned that its replacement should provide sufficient support. On the point about unfairness, I would like to quote just one constituency case—a rather unusual one. A single parent, earning just over £30,000 a year, had triplets in a local sixth form. I wrote pleading letters to the relevant Labour Minister, saying that surely there should be more flexibility to take into account individual circumstances, but to no avail. Of course child benefit is not very helpful when one has triplets, either, because for the second and third triplet, the rate is considerably lower.

There must be many cases where a family has two or more siblings in post-16 education, yet the system that the Labour party is defending so vigorously did not have the capacity to respond to individual circumstances. I believe that we need something that is individual and targeted. It is clear to me that we need to address potential barriers to entry faced by individual students in accessing the most appropriate courses of their choice, and how those barriers can best be overcome.

Like the Secretary of State, I believe in choice and social mobility. That means access to the right institution that offers the right range of subjects for the particular student. I represent a constituency that is relatively affluent, but it certainly includes young people who need and deserve our support. It has a mix of urban and rural areas. I concur with the points made about the very long journeys that have to be undertaken by some students.

I shall deal briefly with the main barriers, as I see them. I see transport as a major barrier. It is not enough to say that local authorities have a statutory duty. The local authorities that cover my constituency have long since abandoned providing transport for sixth-form students, and have taken the attitude that EMA replaced the need to cover public transport. They have been quite gruelling, saying, "Ah, there's another school or college that is closer, where you could do more or less what you want to do." That is not good enough.

Poole local authority, for example, has grammar schools. If a young person has gone to a secondary modern school from the poorer part of town, it is right that they should have access to the grammar school if they have worked hard to get the qualifications. I ask the Secretary of State to look at that. We believe in social mobility, and with the grammar school system there is a particular problem.

With reference to FE colleges, we need to take on board why young people go on to further education. It is often because it offers a totally different type of course from those they were able to do at school. Again, there is a problem with a local authority funding transport because somebody wants to go to a college of further education rather than to their local comprehensive school. School might have been a bad experience. I have lectured in further education for many years. It is inspiring to turn around students who have had bad school experiences and turn out to be brilliant students in a different setting. I am concerned that we may be depriving some children of those opportunities.

My constituency has no FE colleges, which inevitably means a great deal of travel for youngsters there. Students from my constituency go further afield, beyond Bournemouth and Poole college, in the opposite direction to the specialist college, Kingston Maurward, which has incredibly interesting courses. Originally one of the agricultural colleges, it offers many courses that are suitable for particular interests, such as work with animals. It is extremely important that transport is paid.

I am concerned that the issue of transport costs is not as simple as it sounded when the Secretary of State was talking about it. I would support the introduction of a young people's travel card. I would make a sacrifice. I am eligible for a bus pass although I do not have one. Even if I had it, I do not think I need to be able to travel all over the country for free. I believe many people would accept a cut there.

A further barrier is the cost of equipment. Bournemouth and Poole college has an amazing reputation for catering and hospitality, as hon. Members might imagine. Of course, the equipment is expensive, and students must have help with that. We have discussed the fact that some courses need more expensive books than others—for example, students going on to study art will need expensive materials.

Stephen Williams: Will my hon. Friend give way?

Annette Brooke: I had better not, given the time.

There is a big difference between school, where free school meals are available, and the local college. Young people's life chances can be transformed by going to college, but they need to have enough food.

I draw attention to the young people who are vulnerable and particularly disadvantaged—those not living in a family home for whatever reason, children in care, care leavers, young people who are homeless, children and young people with learning difficulties, teenage parents and young carers. We need some red lines: some groups of young people must be protected, come what may. In future, we must enhance access, ensure success and allow our young people to achieve their potential, regardless of background and financial circumstances.

I have two specific questions. One is about young people who are part-way through courses and who may not have EMA for the next year of the course. How will that be tackled? Will there be ring-fencing? I am worried about colleges and schools having pots of money and its going off into other activities. Finally, we seem to be facing a big threat today, but together we could work on the opportunities arising from it.

3.34 pm

Lyn Brown (West Ham) (Lab): The Government's decision to abolish EMA will damage young people's prospects throughout the country, but in a constituency

[Lyn Brown]

such as mine in east London, the results will be frankly disastrous. Removing seven eighths of the money and establishing, possibly, a residual discretionary support fund will be no compensation. It will place colleges and schools in the impossible position of allocating resources thinly but fairly among many deserving students.

At present, more than 5,000 students in my local borough of Newham receive EMA—more than two in five of all of our 16 to 19-year-olds. It makes a real difference to them and to their families. Our 16-plus participation rate is up almost 13% since EMA came on-stream, from 81.4% in 2003-04 to 94.1% in 2008-09. Newham sixth-form college is the largest in London, and more than three quarters of students receive EMA. The vast majority are on the full £30 weekly allowance. Students I met reported giving the contribution to their parents for their keep, so let there be no mistake: this money will be sorely missed.

Newham's average household income is £455 a week. Only three other English local authorities have higher levels of child poverty. Silver spoons are in short supply in Newham. For most of the students at Newham sixth-form college, EMA is not just nice-to-have pocket money but a financial necessity. It helps with the costs of travel, buying books and other course requirements, and contributes to household incomes. EMA is not a bribe, as has been claimed, but a pathway to further and higher education for young people in low-income families. EMA offers a lifeline to many against whom the odds are already stacked. But now, EMA recipients who are halfway through their courses say they do not know how they can carry on when their funding is withdrawn. Others worry about the motivation for younger brothers and sisters to keep attending school and doing their best.

Do we really want a country where young people have to worry about the significant sacrifices that their parents will have to make to allow them to undertake further education? Do we really want young people to have to forgo their lunches a couple of times a week, or walk miles to college because they cannot afford the bus fare? Do we really want them to spend every spare minute they have in part-time work?

Since its creation, EMA has sent a strong signal to teenagers that a positive future is available if they work hard and play by the rules. We can contrast that positive and inclusive message with the hugely discouraging signals we are now sending to our young people: the abolition of EMA alongside the cutting of Aimhigher, the trebling of tuition fees and the ending of the future jobs fund. It is obvious that we are storing up problems for the future, and the Government's decision to slash the support for young people to stay on in education will be viewed by future generations as a betrayal—a costly mistake—as well as another broken promise.

Andrew Bridgen (North West Leicestershire) (Con): Will the hon. Lady give way?

Lyn Brown: I am sorry, but I promised not to give way.

The Government, and even the Prime Minister earlier today, try to justify the abolition of EMA by relying on a single research study. But as ever with this Government, when it comes to their use of statistics it pays to read the small print. The research that they point to was carried out by the highly reputable National Foundation for Educational Research, but that study was not an evaluation of EMA; it was a much broader project, looking at barriers to learning for all 16 to 19-year-olds. The research sampled only year 11 students—students not in the sixth form, with no experience of the additional costs associated with further education—so the study cannot legitimately bear the conclusion that the Government want to draw from it. The research is an excuse for their decision to abolish EMA, not a reasoned explanation.

As my right hon. and hon. Friends have said, other independent studies found that EMA does increase participation in post-16 learning, particularly among young people from families on low incomes. Members do not have to take my word for it. As my hon. Friend the Member for Huddersfield (Mr Sheerman) said, the Institute for Fiscal Studies—that well-known left-wing organisation!—looked at the Government's case and found it wanting, stating that it was based on selective assumptions. It concluded that EMA is an effective use of public money. I do not believe that cutting EMA is inevitable in the light of the financial situation. I am not a deficit denier; I simply believe that abolishing EMA is not economically sound. Bankers' bonuses flourish, yet ordinary young people pay the price. There is no policy justification for the cut. Let there be no mistake: the abolition of EMA is a political choice.

Let me tell those who still think that the allowance is a bribe about Tom Chigbo, a London boy, and the first black president of Cambridge student union. He lives in my constituency. He tells me that he would not have got to Cambridge without EMA: he used it for travel and food and to attend additional lectures and seminars in London, which made his personal statement stand out and gave him something to talk about at interview. Members who will vote in the Government Lobby should remember Tom and the others up and down the country whose future they are blighting and whose potential they are capping.

3.41 pm

David Morris (Morecambe and Lunesdale) (Con): Today we are debating a scheme introduced by the previous Government that has done some good for poorer students but is also wasteful and inefficient. We need to work out how to maintain and support poorer students while cutting overall costs. Sadly, this is a typical tale of the previous Government's waste and the current Government having to mop up the mess.

Much of the discussion has been about access, but I firmly believe that raising the school-leaving age to 18 by 2015 will address the issue. I want to concentrate mainly on looking at how best we can give money to students in genuine need. The system currently costs £565 million a year, at a time when, we all accept, the Government are short of money. We cannot pay for everything, so we have to find savings. Of those receiving the allowance, 10% have parents earning more than £25,000 a year, and 47% of those in full-time education are claiming it. Are we saying that all those people need it?

The 18 October 2010 edition of *The Observer* reported on a Local Government Association report published that month suggesting that 90% of those claiming did

not need that benefit. That means that only £56 million gets into the pockets of the poorest in our society, whereas we want to increase discretionary payments to £78 million by 2015.

Karl Turner (Kingston upon Hull East) (Lab): Will the hon. Gentleman give way?

David Morris: No, I am short of time.

Under our proposals, poorer students in my constituency of Morecambe and Lunesdale will be better off, while we will save the taxpayer money. I thank the Secretary of State, who sadly is not here, for the £250,000 he recently put towards Morecambe college.

EMA was a typical Labour scatter-gun approach: some people benefit, but money is given to many who do not need it. Of course students oppose our proposals, but they aim to support the poor and not give money to everyone who wants it. We must put dogma to one side, as the right hon. Member for Bermondsey and Old Southwark (Simon Hughes) said, and sort this mess out where it counts. I believe that together we could do that constructively.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. Before calling the next speaker, I must inform Members that—would Members please resume their seats?—52 of them still wish to speak. To be fair, and to try to call them all, I will reduce the time limit to six minutes. I hope that they will bear it in mind when speaking that many Members wish to contribute.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): On a point of order, Madam Deputy Speaker. This happens again and again. We are given a restricted time limit, and in the course of the debate it is reduced. One reason why is that the two Front Benchers' speeches took 50 minutes and 46 minutes. If Front Benchers, taking interventions again and again, are going to reduce the opportunities of Back Benchers to make speeches of reasonable length, we ought to look at the whole system, because it is unacceptable to reduce the length of speeches in the course of a debate.

Madam Deputy Speaker: Sir Gerald, I understand your frustration and anger at the reduction in the time limit. As you will know, it is beyond the power of the Chair to curtail the opening speeches or to prevent Members making interventions in the first place when they have their name down to speak in that very debate, but I am sure that other Members will want to take up your point with the Procedure Committee. It is not a matter for me, however. I am trying, with this debate, to be as fair as I possibly can, and even with six minutes not every Member who has asked to speak will be called before the winding-up speeches. I am afraid that I can do nothing more at this stage, but I will certainly draw the issue to the Speaker's attention.

3.46 pm

Robert Flello (Stoke-on-Trent South) (Lab): I shall endeavour to take less than six minutes, and I shall not take any interventions. I urge colleagues who do want to make a point, however, to raise it during the winding-up speeches. I very much agree with my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) about how—by ten-minute rule Bills and other things of that nature, too—these debates are curtailed.

I have just turned to page 30 of my list of broken Tory promises to look at where we are up to so far, and sadly the book still has many pages to go. The footnotes refer to, "We're all in this together", yet the burden continues to fall on children, young people and those on the lowest incomes. The burden that falls on the bankers is a bonus of £2 million-plus. That's justice, that's fair—I don't think. I am very interested to hear what Government Front Benchers have to say about where the burden falls. I am sure that they will duck that question, given that they have become so good at ducking.

What example are our young people being set by the Education Secretary and the Prime Minister? What fine role models they are. The sixth-form student's claim that the dog ate his homework seems positively saintly in comparison with what we keep hearing, so let us look at why the Tory-led Government are scrapping EMA.

The decision is based on dodgy guesswork. There is an assumption of 90% dead-weight, but let me just pause on "dead-weight". Are we seriously describing 90% of our young people as dead-weight? That is atrocious and absolutely abhorrent. Using that phrase, as we seemingly must, I suggest that the figure might have some credibility if the report were based on more than a handful of respondents to a survey that excluded college students and heard from predominantly white respondents. The figures also vary according to how much EMA the respondents receive, so it is hardly surprising to find that those who receive the lowest amount, those who do not receive it at all and those who are not sixth-form students might have gone to college anyway. It is not surprising that we have such a speculation.

I shall look at Stoke-on-Trent specifically. Our city, which has been referred to already, was one of the first pilot areas, and the results have been dramatic, with an impressive increase in the staying-on rate from 56% to 85%. Students have a choice of various excellent options, including the sixth-form college, many high school sixth forms and the excellent further education college, but that choice will be taken away with the removal of EMA, because students will have to attend whichever college or school is closest to their home, assuming that they can afford to go to one at all. That is because Stoke-on-Trent, unlike other cities in this country, is in the unique position of being not concentric but longitudinal, which means that getting from north to south or east to west is not simply a case of jumping on a single bus. Despite the improved bus service in Stoke-in-Trent that has developed over the past decade, more than one bus journey is still required. At the moment, students can use their EMA to travel around the city to go to the sixth form or college that provides the courses that best suit their requirements, but that choice will be taken away from them.

EMA is very important to students in Stoke-on-Trent, with 55% of students at the sixth-form college alone receiving it at the higher level. In the light of all the challenges that our city has faced, education is rightly held up as being the best way for it to grow and to move forward.

[Robert Flello]

Some of the students to whom I have spoken will be looking for part-time jobs to enable them to study, but where are these mythical jobs? The December 2010 employment figures for Stoke-on-Trent, released today, show rising unemployment in the city, and the job cuts flowing from this Government's reckless handling of the economy spell even tougher times ahead. Even if students manage to get part-time jobs, that can have an adverse effect on their studies, with homework and assignments not done because of work commitments. What of the student who says, "You know what, I can't afford the student fees under this Tory Government, and there'll be no jobs, so I'll just sign on instead." We are seeing yet another wasted generation under a Tory Government, as in the 1980s. They just cannot help themselves, can they? In fact, never mind the 1980s—I sometimes think they are trying to take us back to the 1880s. What of the students who are part way through their courses? How cruel to pull the rug from under the feet of such vulnerable young people.

Let us look at the economic case. The Institute for Fiscal Studies has said that the costs of EMA are completely offset by rising participation and other benefits. One of the costs of scrapping EMA is that jobseeker's allowance suddenly looks a lot more attractive. This cruel and unfair decision to steal away EMA is based on dodgy data and a flawed economic case.

Sadly, I am having to skip to the end of my speech. [Hon. Members: "Oh!"] I apologise—I can hear the groans of disappointment. The catalogue of broken promises goes on and on. The weight of the burden of debt repayment continues to fall on the shoulders of the youngest and poorest members of our society, and Government Members should be ashamed of themselves.

3.52 pm

Dan Rogerson (North Cornwall) (LD): I, too, will attempt to keep my remarks brief to allow as many hon. Members to speak as possible.

The hon. Member for Huddersfield (Mr Sheerman), the former Chair of the Select Committee, talked about the tough choices that face the Government. I welcome that, because although he has come to a different conclusion—he suggested bigger class sizes—at least it shows that he is thinking about these ideas and putting forward alternatives. Perhaps he has a firmer grasp on reality than his Front Benchers, who seem to be ignoring the pressures and pretending that we are living in an ideal world.

I certainly do not want to see changes that would lead to what Labour Members are intimating, which is that all the young people who could receive EMA will suddenly find themselves unable to go into post-16 education, but I do not believe that that will happen. Many young people are fighting hard to stay in education and to take the opportunities that are available to them, and there needs to be support for them in the form of the advanced fund that the Government propose. Support also needs to be given by working with local authorities to get them to face up to their statutory responsibilities to provide access.

Alison Seabeck (Plymouth, Moor View) (Lab): I thank the hon. Gentleman for mentioning the advanced fund. A constituent of mine who has two disabled children at City college Plymouth is unsure whether she will fall within the remit of that fund. Does he share her concern, and does he agree that it would have been helpful to see exactly what its criteria are before having this debate?

Dan Rogerson: The debate was called by Opposition Front Benchers. Perhaps if they had waited until we had that information, we could have had a more informed debate, but that was their decision.

EMA has undoubtedly made a difference to some people. The important thing is that whatever replaces it reaches those young people and keeps them in education, and empowers people who are in a similar situation in future. It is also clear that there are issues with EMA and examples of it not working, some of which were referred to by my hon. Friend the Member for Mid Dorset and North Poole (Annette Brooke). It is right for the Government to consider doing something slightly different, and I hope that that is better at reaching people and makes a difference to those who have not received the support that they need.

We are in an incredibly tough financial situation. It would be far easier for the Government, in terms of popularity, to ignore that, as the Opposition seek to do, and to carry on borrowing to fund spending that there is no money to meet, but we have chosen not to do that and to face up to some of these things. It is right for the Government to open up this issue and explore it, and for my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) to work on it and discuss ways forward.

Stephen Williams: One issue that needs to be looked at, which we pressed the Labour Government to address on many occasions, is the anomaly that those who are eligible for free school meals receive them if they are in school, but those who go to sixth-form or FE college at 16 do not. I was potentially in that situation when I was at school. The Labour party refused repeatedly to address that anomaly in the previous Parliament, so we should take some of its anxiety with a pinch of salt.

Dan Rogerson: I welcome my hon. Friend's contribution. Some crucial issues have been raised, including those on food and the cost of living as people continue their studies. I will come back to those in the questions that I ask the Minister.

Transport is a big issue in rural constituencies such as mine. Many students stay on in the excellent school sixth forms and others explore different opportunities, such as travelling to the fantastic Cornwall college, which is dispersed across the peninsula of Cornwall. Its excellent chief executive officer is concerned about what may happen because of the proposed changes to EMA. I welcome his contribution in talking to the Education Committee about those concerns. The fact is that changes and cuts in spending are needed, and the Government have decided to focus the money on the kind of early intervention that the Secretary of State spoke about.

I want to put some questions to the Minister on his deliberations about what will replace EMA. First, will he assure that House that he will work with other Departments, as well as considering the resources at his disposal, on issues such as transport; access to higher education, which is the responsibility of the Department

for Business, Innovation and Skills; and how local authorities can do more to help young people, which should be discussed with the Department for Communities and Local Government and the Local Government Association? The issue of free school meals is also important, and has been raised by several hon. Members. I would welcome his comments on that.

Will the Minister ensure that in the discussions that he and colleagues have with local authorities, the availability of transport is considered? We are not talking about a token provision of resources that will allow some people to access transport. In some rural areas, the existing network of buses will just not get people there in time. That needs to be addressed.

The hon. Member for Worsley and Eccles South (Barbara Keeley) and my hon. Friend the Member for Mid Dorset and North Poole raised the issue of young carers and young people in care who need extra support. It would help if strong guidelines were set up for these funds to ensure that such groups are protected and given every support that they need to access education. Those people need it the most. Action for Children raised that problem and suggested those guidelines in its briefing.

If there is to be a discretionary element, with college and school principals being able to consider how resources should be used locally to achieve access, we should ensure that there are clear guidelines about equality of access. For example, if two students apply to a college, one of whom looks likely on the basis of past performance to achieve grades that mean it will be good for the college to have them on board, and one of whom will need extra support to achieve such grades, the college should consider their home situation, where they live and so on rather than just their academic attainment. We need such safeguards in place.

4 pm

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): Your constituency, Madam Deputy Speaker, mine and Nottingham North were identified 10 years ago as having the lowest staying-on rates and the lowest levels of access to higher education in the country. The evidence of the Higher Education Funding Council for England demonstrated that the barriers to staying on, including income disadvantage and cultural barriers, needed to be addressed, and that we needed a transformation of aspiration in schools. That transformation has taken place in my constituency, as it has across the country. There has been a 15 percentage point increase there, and a 20 percentage point rise overall, in young people staying on at 16, and there has been a transformation in the most deprived parts of the constituency.

When Sir Robert Ogden, a business man and philanthropist, first introduced bursaries in the mid-1990s in the south Yorkshire coalfield areas, he was, as my hon. Friend the Member for Huddersfield (Mr Sheerman) described, addressing the cultural barriers to young people staying on in education. He was addressing the culture in the community and the family as well as the attitudes of schools and young people. On that basis I was proud to introduce the education maintenance allowance pilots and subsequently the whole scheme, with the support of the then Chancellor. Of course improvements could be made to it, but it has literally transformed the life chances of children.

Children at the moment are currently the disadvantaged and unlucky generation. Child trust funds have been abolished; Sure Start ring-fencing has been lifted and cuts made to the scheme; Aimhigher has gone; youth and career services have been decimated; entitlement funds, which very few people have heard of, are being done away with; the future jobs fund has been abolished at a time of 20% youth unemployment, which is a catastrophe for young people and their families across the country; university fees are being trebled; and now the EMA is going too, including for young people who are already receiving it. That is a terrible blow for them and their families.

Yes, we do have a structural deficit, but by the time of the June emergency Budget it happened to be £10 billion less than had been projected in the Budget the previous March. There has been an increase in Government income above and beyond the result of the measures that the Government have taken, not least from north sea oil and the fuel escalator. We have substantially more money than expected coming in, but there are major cuts, each of them being justified by the same deficit reduction strategy. That means that any cut to any budget at any time can be justified simply by referring to the deficit.

Let us consider what we might have done instead. We could have included post-16 child benefit in assessable, taxable income. That would have been much fairer than cutting the EMA, but would still have been universal. We certainly cannot rely on the expansion of the discretionary learner scheme, because one sixth form in an affluent area receives as much for eight pupils as Longley Park college in my constituency does for 937. In other words, it is completely skewed.

For Gemma Darlow—she has given permission for me to use her name—whose parents were faced with eviction because her mum lost her job, for Yasin Yusuf, who is now at Sheffield Hallam university having come from Somalia, for Jade Fletcher and for Bianca-Jade Titchmarsh, the transformation in their lives, which they have told me about, is testament enough to why it is necessary to maintain EMA in some form, with a massive expansion in the £75 million currently planned. Some £4.2 million is needed for Sheffield college and Longley Park sixth-form college students alone, never mind the sixth forms in the most affluent areas. That is why the National Foundation for Educational Research material should not be misused; it took more account of those going through to school sixth forms than of those going to sixth-form college and FE college – a sector which, as was rightly said earlier, is the Cinderella of the education system.

We desperately need to get the message across that there can be a solution, because the abolition of EMA is bad for young people and families, bad for social mobility, and bad for the local and national economy. It is unfair and unfocused, and it will lead to the exact reverse of what everybody in this House preaches, which is improvement in staying on, attainment and the future of our country.

4.5 pm

Steve Baker (Wycombe) (Con): I begin by paying tribute to Mr Callum Morton, the president of the students union at Amersham and Wycombe college,

[Steve Baker]

where about a third of the students receive EMA. He has made his case with great force and maturity, and I am sure that Amersham and Wycombe students will agree that he has served them well.

I should like to address the case advanced by the Opposition. The shadow Secretary of State said that Government Members had no real idea what EMA recipients' lives are like, but how would any of us know? Members on both sides of the House may naturally radiate youthful beauty, but not too many are aged between 16 and 18. What about income? If hon. Members look at the much quoted Institute for Fiscal Studies website and enter their salary into a tool called "Where do you fit in?" they will find that they are in the top 3% of the income distribution of this country. My salary now is just my parliamentary salary, and I will take no lectures on having a silver spoon and particular privileges from those who are on the same income. How are any of us to understand, as the shadow Secretary of State asked, what it is really like to be in receipt of EMA?

Emily Thornberry: Will the hon. Gentleman give way?

Steve Baker: No, thank you.

In the end, each of us must read our correspondence and try to walk in the shoes of our constituents. I will therefore take no lectures from those who pretend that they have some special connection to a particular group.

I shall not bore the House with my own background, but I would certainly have qualified for EMA when I was a sixth-former. How did I cope? The answer is that I coped with a mixture of commercial sponsorship and weekend work. I listened to the hon. Member for Stoke-on-Trent South (Robert Flello). We must wonder where the jobs will come from, but there is a case for saying that people should look to themselves.

Further to the comments made about being out of touch, I must tell Opposition Members that a breadwinner on the minimum wage would work about six hours to earn that £30. None of us should take for granted the importance of what amounts to the best part of a day's pay. Are we out of touch? Certainly not.

Opposition Members like to believe that some infinite pool of funds can be dipped into at will, which is certainly not the case. The measure cannot be considered in isolation. We must bear in mind that whatever we spend must be taxed or borrowed, or indeed debased. It is absolutely wrong to attempt to bribe 16 to 18-year-olds with their own money at interest, as Opposition Members have sought to do.

One hon. Gentleman suggested that we were going back to the 1880s, but I am afraid that that is facile. A paper from the Centre for Policy Studies, "A shower, not a hurricane", showed that from the top level of spending, all we shall be doing in five years is going back to the real levels of 2009. That is the tragedy of Labour's profligacy. Labour left us in such a situation that just mitigating the worst of its spending excesses is causing thoroughgoing misery across the country, and yet we are only going back to 2009.

I will not talk about the waste in the programme as I am running out of time, but I am happy to be able to inform the House that I have had frequent discussions with the Minister for Further Education, Skills and Lifelong Learning about social mobility and aspiration and the role of further education in helping people to enjoy social mobility, and I have discovered that, like me, the Minister came from an ordinary background, and that, like me, he has a ferocious passion to help people from ordinary backgrounds get on, go to university and make the most of their lives. It seems to me that Opposition Members are determined to oppose every change in isolation, without regard to the context of this country's situation. They are putting the worst possible construction on every Government policy, and that is simply not fair to a dedicated and passionate Minister.

What has upset me most about the debate is that the shadow Secretary of State has sought to sow fear and despair and to write off young people. It is not for the shadow Secretary of State to tell young people that they should not aspire. He has suggested that the Government's policy is robbing them of their future, but I say no. Rather, I echo his words to every single 16 to 18-year-old and everyone who might be about to go into further education: "Believe in yourself, because you do matter, and yes, do dare to dream, whoever you are."

4.11 pm

Sir Gerald Kaufman (Manchester, Gorton) (Lab): I represent one of the most deprived constituencies in the country. Today's unemployment figures show that my Gorton constituency has an unemployment rate of 9%. Very few jobs will be available for those who are going to be thrown on to the streets by the Government's decision today, particularly when we take into account the huge job cuts that have been forced on Manchester city council by the grossly disproportionate Government cuts in local government funding for Manchester and other needy areas.

I have come to the Chamber to speak in this debate because the principal of Xaverian college in my constituency, just around the corner from where I live, wrote to me in a tone of huge anxiety and agitation about what the Government are doing. I also received a letter from the assistant principal of Loreto college in Manchester, a constituent of mine, who wrote that

"the EMA has been the most significant Government instrument to encourage marginalised and vulnerable sixteen year olds to remain in education."

I do not know whether these people vote Labour or Conservative—I cannot imagine that they are stupid enough to vote Liberal Democrat—but whichever way they vote, they contacted me because of education issues.

In order to understand what is going to happen to the 300,000 young people whose EMA will be cancelled part way through their course, we can return to the letter from the assistant principal of Loreto. He wrote:

"the loss to our economy will be measurable, and further I believe that it is in no one's interest to have disaffected young people on the streets."

The Government have decided to do this. They have chosen to do it; it has not been forced on them. They could have dealt with the bankers, with bankers' bonuses and with a host of other issues, but instead they chose to do this, for socially discriminatory reasons. Some 66% of those on full EMA are from single-parent families, and 21% of those on EMA are living with both parents.

This proposal is also racially discriminatory. Some 84% of Bangladeshis receiving EMA and 70% of those of Pakistani heritage who do so receive the full EMA. They use it for all kinds of utterly essential reasons. We must also note that the participation rate in higher education in disadvantaged areas is only 19%.

Thanks to my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett), young people who are on EMA miss fewer courses, are more likely to stay in education, are socially responsible and have good achievements at their colleges. EMA has made all of those things possible, and this Government are going to take it away from them for socially discriminatory reasons based on the kind of Government they are.

Let us be clear that we are looking at a Government who cut money and cut benefits right across the spectrum of those who can least stand it. Members of this Government have never needed these benefits. They abolished the health in pregnancy grant, which Ministers have never needed. They abolished child trust funds, but Ministers have inherited wealth. They reduced the scope of Sure Start, but Ministers have never needed Sure Start. They are scrapping 500,000 school meals. How many Ministers in this Government have had to get free school meals for their kids? They are interfering with housing benefit, but they live in affluent owner-occupation, in houses that, often, they have inherited. They are taking away social housing rights from our constituents—a huge proportion of my constituents live in social housing—but Ministers have never had to worry about the kind of house they will live in and their right to go on living there.

The Government could have decided on other polices. This callous and heartless Government are the most right wing since the 1930s. They are targeting the weakest when they could have gone for the strongest. The Government could have gone for Sir Philip Green, with his tax-dodging in Monte Carlo, and Lord Ashcroft—but no, those people get away scot-free. It is the poor, the deprived, those in single-parent households and the ethnic minorities that this Government go for. That tells us what the Liberal Democrats and the Conservatives are really like. Oldham made a judgment about it last week, and the rest of the country will do the same as soon as it gets the opportunity.

4.17 pm

Andrew Percy (Brigg and Goole) (Con): The one thing that I have grown to dislike since I came to this place is the entrenchment that always appears in debates on this subject, and the previous speaker gave an example of that. Nobody comes into politics to target the weak or the poor deliberately; we may have disagreements about how we assist those who need support and in what form it is given, but nobody comes into this place with those aims and those desires. The one thing that I gave really grown to dislike about this Chamber since my election is the constant view that everybody on one side is elitist and determined to attack the poor, and everybody on the other side is virtuous and has only the best interests of their constituents at heart. I like to think that most people come here with the best of intentions for their constituents, even if we disagree about the way in which we get there. That is how I approach this debate.

I am not interested in the politics of this debate in the slightest. I know that there will be people on both sides who will try to hit each other across the head with the politics, but that is not of any interest to me. All I want from this debate are some answers on what we will replace EMA with and what support will be in place for the young people who most need it. I have read both the motion, much of which is perfectly reasonable, and the amendment, which I have no problem with because it talks about supporting young people who are most in need of this help. It is a shame that we have had to get into such a divisive debate.

My view on EMA has changed over the years. The trials started three years after I left sixth-form college, and I recall thinking when EMA was introduced that I had funded my way through sixth-form college by getting a job at McDonald's. That was my approach to begin with, and I believe that many Members still think like that. However, I then got into the teaching profession and started to see the impact of some of the support. Over time, I started to realise that doing as I had done is not a sustainable way for many people to fund their further education from 16 to 18, and that it is not a possibility for many people—it certainly is not since the changes in employment legislation. Although those changes have advantaged part-time workers, they have in some ways made it harder for teenagers to get part-time jobs.

EMA has therefore been positive in many ways. There have been a lot of problems with it, but it has been positive and has certainly raised participation. I personally never agreed with the raising of the compulsory participation age to 18.

Julian Sturdy (York Outer) (Con): My hon. Friend is making some good points. Surely the key component to any post-16 education should be a focus on accessibility and choice, which he has already mentioned, but is not the best way to improve accessibility and choice through targeted funding, which is what we are talking about? If we get better targeted funding, we can get better accessibility.

Andrew Percy: My hon. Friend makes a sensible point, with which I would not disagree, but it is also about what size of pot is available to provide that targeted supply. I have no problem with targeted support—so long as the pot is big enough.

I was mentioning some of the advantages of EMA. It has certainly raised participation and it has also raised attendance. I do not believe the figure of 90%. "Dead-weight" is an unfortunate word to use. We are saying not in any way that young people are the dead-weight, but that there might be some dead-weight in the system.

Yasmin Qureshi (Bolton South East) (Lab) *rose*—

Andrew Percy: I will give way one last time.

Yasmin Qureshi: I am grateful. The hon. Gentleman said that he did not accept that there has been a 90% take-up rate. In my constituency, 934 young people at Bolton sixth-form college receive EMA—75% of the college intake, which is the third largest in the country—while 1,188 people at Bolton community college are taking up EMA. For those young people and those colleges even to function, the continuation of EMA is vital.

Andrew Percy: I was questioning not the take-up rate but the study apparently showing that 90% of young people would have continued with their studies without it. From my own limited experience in the education field, I certainly do not believe that to be true. We should not get too hung up on that.

In my intervention on the Secretary of State, I mentioned that I represent some very deprived communities in Goole, which certainly need support, and some largely rural areas that also require it. It is a shame, as I said, that our local council has made it more difficult for young people in the north Lincolnshire part of my constituency by raising the cost of their travel passes by 500% in one year and again in subsequent years. As I said to the Secretary of State, I hope that whatever replaces EMA will take into account those costs.

I also try to take account of the views of local colleges on this issue. There is Goole college—a small college in my constituency—but most of the young people in my patch have to travel into Scunthorpe or go to colleges in Hull, Selby or York. All those colleges have written to me, asking for support to continue in some form and requesting more information on what will replace EMA. They advanced a powerful case for how EMA support has enhanced not only attendance and participation, but the commitment of young people to their studies.

I confess that I am not so obsessed about whether the replacement of EMA stays in the same form, as there have been some negatives, which I saw as a practitioner. I once did a period of supply teaching in a private school. That was not really me, although the kids were wonderful. One kid there was receiving EMA through certain mechanisms, but I did not think that that was right by any stretch of the imagination. A young lad came to my surgery not so long ago who complained about not getting EMA despite the fact that his friends were—

Tessa Munt (Wells) (LD) *rose—*

Andrew Percy: I am not giving way any more, as others want to speak.

The lad came to see me because he was not getting EMA, yet his friends who were getting it were also receiving a great deal of support from their parents. It is not a perfect system. Similarly, a lady came to see me who, despite having five jobs as a cleaner, does not receive EMA for her children. She could not understand why other people living in the same houses in the same streets who enjoy the same quality of life and drive the same kind of cars and go on the same kind of holidays are receiving it for their children. There certainly need to be some changes.

As I said at the outset, my concern is not about maintaining a national model, but about ensuring that support is in place that truly supports our young people. I would like to hear more information from Ministers about how big the pot is going to be. There is an argument not so much for a strict national model—I am certainly not in favour of that, as it puts everybody in a straitjacket—but at least for a sign that certain principles will automatically be taken into account as colleges and their administrative institutions make their decisions. That also means that the pot has to be big enough. It is no good removing EMA and not replacing it with a pot big enough to support the young people who so desperately need it. I urge Ministers, when they sum up and respond to the debate, to give us more advice on that.

Similarly, I say to Opposition Members that, like the right hon. Member for Bermondsey and Old Southwark (Simon Hughes), I hope we can work together, because we should all have the same aim of supporting the young people who most need it. I wish we could take the politics out of this issue and get some agreement. We are in a difficult situation financially—everyone knows that tough decisions have to be taken—and the Government are doing some very good things in that regard. I would like us to lose the politics a little and work together to find a system. I would vote for any system that would guarantee young people, such as those it has been my privilege to teach, the support they desperately need to stay in further education.

4.25 pm

John Robertson (Glasgow North West) (Lab): It is a pleasure to follow the hon. Member for Brigg and Goole (Andrew Percy)—what a great name for a Conservative constituency that is. If ever there was a greater name than Goole, I do not know it.

I was brought up by my mother, my sister and my grandmother—my father died when I was three—so going into further education and following on into university was not an option for me. I knew that as soon as I finished school, I would be going to work. Fortunately, back in 1969, in the Harold Wilson days, we had near-enough full employment and getting a job was not a problem. The company I was employed by, where I worked for 31 years, sent me into further education. I would like to thank Langside college and Stow college for the education they gave me, which helped me to become the person I am today, eventually ending up in this place.

I never attended university but I do not consider that to be a loss to me, although I have aspirations for my children and my grandson, who I hope will have that kind of education. I certainly want to make sure that people get the same opportunity to get that education, whether they fall on the rich side or the poor side of society. I disagree with the previous speaker about targeting the weak and using politics, because I do not have a problem with targeting people or politics. I would like to use my politics to make sure that we do target, but that we target the poor. We should target the people who need to be targeted and make sure that they get that help. We should make sure that we supply the money that gets them into education, including the further education that we have fought so hard for over the years. When I left school, only 7% of people went to university; the figure is now approaching 50%, but not for long—not with that crowd in charge. It will not take long for the figure to go back down, but I hope it will never get below double figures.

I have had opportunities. People might think it strange for a Glasgow MP to speak on this subject, but I got involved in EMA before the general election. I had an Adjournment debate then, and I have had one since. When my hon. Friend the Member for Hartlepool (Mr Wright), who is in his place, responded to the first debate, he guaranteed that if Labour won the election not only would it look after those people but EMA would be maintained for the length of the next Parliament.

In the following Adjournment debate, the Minister of State, Department for Education, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb), who is also in his place, writing feverishly, dispelled that notion right away. All the promises that were made before the general election by the Prime Minister and the Secretary of State for Education have been broken. The breaking of those promises affects the people I believe we are here to represent—those who cannot vote, who are looking to people like us to promote them and make sure that they get the education and proper start in life that some of us did not get.

What do we have now? In Scotland, we have a system that pays only the £30 rate and we have now found out that because the £10 and £20 rates have been done away with, about 8,000 students will not be students. They will be lost to the further education system in Scotland, thanks to a Scottish National party Government who did away with the allowance. They only kept the £30 rate because an election is coming up and the Labour party is so far ahead in the polls. We said we would keep the allowance, so the SNP had to match it—I do not care how or why they do it, just as long as they do it.

The Conservatives thought they would be coming into power alone. They did not. As for the other party, some Liberal Democrats would sell their soul to get into power; others sold their soul once they got into power. Those are the kind of people we have to deal with. Labour Members have to stand up and fight for the rights of the people out on the streets. Do the Government honestly believe that those young people out in the streets are there for fun? Do they honestly believe that those young people want to be herded and corralled just because they are demonstrating? Those young people think they have rights, and I believe we all—on both sides of the House—fought to give them those rights. Apart from the idiots and the malcontents, the proper students out there demonstrating should be listened to; they are our future and we should give them the chance to move on.

I am nearing the end of the time and I did not even use the speech I prepared—I do not even know why I wrote it. The Government took the flawed view that 90% of young people did not need the money. That is a lie. We know it is a lie. The Government should take a proper look and make a proper assessment of the people who now have EMA and what will happen to them if they no longer have it, and then tell us that the number should be reduced by 90%.

4.31 pm

Paul Maynard (Blackpool North and Cleveleys) (Con): It ought to be a pleasure to discuss in the Chamber ways in which we can overcome barriers to access to further and higher education. It ought to be a pleasure to discuss how I can tackle the deprivation in my constituency, but sadly, having sat here for most of the afternoon, I can conclude only that debate in the House has ceased to be a pleasure. The discourtesy and personal rudeness from Opposition Members demonstrates why Parliament and this Chamber have lost credibility in the eyes of people outside.

It is extremely important that we discuss how to overcome barriers to accessing further and higher education, whether we believe that scrapping education maintenance allowance is the right way to do that, or whether there are alternatives that we can look at. EMA was introduced in 1998 in the comprehensive spending review as "an incentive" to encourage more people to stay in education. It was an experiment – a new departure for this country—and one I watched with interest.

After a few years, the then Government decided it was time to try something else—to introduce compulsory education from 16 to 18. Young people were to be obliged to stay in education until the age of 18, so why would we want to continue with an incentive to do something that would become compulsory? Indeed, we are supporting the aspiration of the previous Government to expand compulsory education. We have increased the budget for 16-to-19 education by 1.15%. We are funding an extra 62,000 places in the 16-to-19 sector. I am disappointed that the Labour party does not feel able to support that and would rather retain EMA – an instrument that I believe, the more I discuss it with people in my constituency, is a blunt one.

I object strongly to EMA for a number of reasons, which I hinted at in my intervention on the shadow Secretary of State. The allowance is capped at £30 a week. It is related solely to household income, yet I speak to many people in my constituency who are eligible for EMA but whose needs far exceed £30 a week. If we listened to the Opposition, we would think that EMA was the answer to every social problem.

Mr Chuka Umunna (Streatham) (Lab): If £30 is not enough for people in the hon. Gentleman's constituency, why is the solution simply to take it all away? I am not sure that I follow his line of argument.

Paul Maynard: The hon. Gentleman's intervention demonstrates why he should have been in the Chamber earlier to listen to the debate—*[Interruption.]* He was not here when I made my intervention. The hon. Gentleman asks a question, however, so I am happy to explain. Rather than having an education maintenance allowance that is capped at £30 a week, it would be far better to have a discretionary learner support fund sited in the college that the pupil attends, where the principal and teachers best understand the needs of that pupil and can therefore address their particular barriers. I do not accept that household income has any meaningful correlation with the barriers to accessing further education that someone faces.

The hon. Member for Streatham (Mr Umunna) pulls a face at me, so let me explain why. Blackpool and Fylde college is on Ashfield road in my constituency. Right at its front door is a large council estate where some of the most deprived residents in my constituency live. Do they have the same needs as someone in a slightly higher income bracket living two or three miles further up the road? They do not. Household income is not the indicator that must be examined when determining the barriers that must be overcome.

The hon. Member for Worsley and Eccles South (Barbara Keeley) who, like me, is a passionate defender of young carers, was right to point out that there are groups of young people who face complex hurdles if they are to access further education. I do not accept that the education maintenance allowance is the magic wand that Labour Members seem to believe it is. I join other Government Members who have asked for further information about what form the discretionary learner

[Paul Maynard]

support fund will take and how it will enable those with complex needs to access further education, because it is vital that they do so.

Labour Members cannot keep simply backing structures rather than people. It is horrifying that, in a modern democracy, we have a Labour party that still likes to think that it can keep people under its thumb, say, "You'll get £30 a week and no more; we're going to keep you where you are," and then expect people to be grateful. I want a further and higher education system in which all people can participate without being restricted by a barrier of £30 a week and no more. The discretionary learner support fund will enable an individual student's needs to be properly assessed and met, because we will focus on what the need really is, not on the mythical universal provision for which the Labour party hanker, albeit not because Labour Members wish to support their constituents any more. I have never before seen a political party further from the people whom it seeks to represent or that has so forgotten the people from whom it allegedly came.

Roberta Blackman-Woods: Who is being rude now?

Paul Maynard: I am sorry that the hon. Lady says that, but I can say only what I observe in the Chamber. I am saddened that democracy has reached such a level.

I am running out of time, but I leave hon. Members with this thought: in this day and age, we need to ensure that every person who wishes to go into further education is able to do so, and this Government will enable that.

4.38 pm

Lisa Nandy (Wigan) (Lab): I want to address the question of the impact of EMA head-on. Three colleges in my constituency—St John Rigby college, Wigan and Leigh college and Winstanley college—have approached me to oppose the scrapping of EMA, and there is clear evidence that EMA has had a considerable impact by attracting young people into education and persuading them to stay on. Such evidence comes from not just Wigan, but throughout the country. The view is shared by the Association of Colleges, and it is borne out by research from the Learning and Skills Council and the CfBT Education Trust. That evidence shows that EMA not only attracts young people into education, but when they are there, spurs them on to succeed and achieve. I am therefore disappointed—but not surprised—that the Secretary of State has chosen to base the decision on one unrepresentative and deeply flawed study. It leads me to wonder whether the decision was made a long time before any evidence was considered.

I want to echo some of the concerns have been raised about the language that we bandy about, such as "dead-weight." The term is deeply offensive to the thousands of young people out there who are so concerned about their future. I urge hon. Members, if they are not prepared to support them, at least to show them some respect when they talk about them and their future.

Ministers have missed the point about EMA. It did not just encourage people into education and get them to stay there, but said to students that they should be able to learn without suffering extreme hardship. The vast majority of students who claim EMA do so for travel and food. Are we seriously saying in 2011 that the extent of our ambition for a generation of young people is telling them that if they walk long distances and go hungry they can have the same opportunities as some of their more privileged peers? It is a poor ambition and I am ashamed that we even have to debate it.

It was a sign of confidence in our young people that the previous Government said, "We will give you that money, and we will trust you and leave how you spend it up to you." The Government talk a lot about getting rid of centralised prescription. Why will they not show the same confidence in young people as us when we were in government?

At the heart of the debate is the question whether EMA is necessary. I tell Ministers that it has become an essential part of household income. If they are serious about getting people to stay on in education until they are 18 by raising the participation age, which I support, they are making a big mistake in removing the mechanism whereby young people can do that.

I urge Ministers again to consider the impact on looked-after children, homeless young people and young carers. I know that they are concerned about that, and I urge them to meet a young person, Shinea, who lives in a homeless hostel run by the charity Centrepoint, for which I had the privilege of working many years ago. Shinea is entirely on her own. She exists on benefits and EMA, and she is trying hard and doing her best. I ask Ministers to meet her before they make a decision that will wreck her chances for good.

The EMA was never just an allowance. It was a contract between the state and young people, which said, "If you work hard and try hard, we will back you and support you, regardless of your background because we think you're worth it."

Roberta Blackman-Woods: Sixty-seven per cent. of young people aged 16 to 18 who attend New college in my constituency receive EMA, and 560 will lose the funding halfway through their course. Does my hon. Friend agree that it is disgraceful that they heard nothing from the Secretary of State today about whether they will receive any support in future and how much it will be?

Lisa Nandy: Apart from agreeing with my hon. Friend, I am also grateful to her for bringing me back to my point, which I had lost in my anger about the Government's decision. Shinea, the young person from Centrepoint, whom I urge Ministers to meet, is midway through her course, as are many young people in my constituency. I tell Ministers that the issue is pressing and needs to be resolved now. At Wigan and Leigh college, 75% of young people in their first year who get EMA say that they will have to drop out next year. I urge Ministers to make a decision and give clarity not only to those young people, but to the many who must decide now whether to go into further education and do not know whether they can afford it. Those young people said to me very clearly that they were told that if they worked hard and tried hard, they would get EMA. They have kept their side of the bargain; they cannot understand why their Government will not keep their side.

I went to Winstanley college and talked to some young people who are very concerned about the issue, and about tuition fees and the abolition of the Aimhigher

initiative—concerned not for themselves, but for the young people who come after them. They told me they felt that their Government were not only not trying to help them, but were actively putting barriers in their way. The last time I heard young people talk like that was when I was growing up in the '80s and '90s, when the Conservative Government left an entire generation of young people without hope. It was devastating, and the Government are about to create exactly the same thing all over again. The progress made in the past 13 years is unravelling before our eyes. I urge hon. Members, before they walk through the Lobby, to think about their part in that.

Finally, if colleagues will not be persuaded by the moral case, I ask them to be persuaded by the clear economic case. The EMA pumps millions into local economies, and the Institute for Fiscal Studies states clearly that EMA is an investment in young people that will be recouped in the long term. It will pay for itself. It is precisely in such difficult economic times, with youth unemployment predicted to reach 1 million in the next few years, that we should be investing in our young people. We should be sending them the strong message that we value them, and that they matter to us.

4.46 pm

Mr Marcus Jones (Nuneaton) (Con): Today we are discussing the important subject of EMA, an extremely well-intentioned product of the previous Government that, at its most effective, helped young people to continue their education. At its worst, though, it is just another in a series of policies adopted by the previous Government with a lot of dead-weight. I am sorry if that offends the hon. Member for Wigan (Lisa Nandy), but we have to acknowledge that, in the case of many policies of the previous Government, a lot of money was spent and very little achieved, after a certain point. EMA is one of those cases. It is one of the factors that led the previous Government to rack up such a large deficit for the country—a deficit that the coalition Government now have to sort out.

I do not want to dwell on the debt argument, but it currently costs this country £564 million a year to provide EMA for our young people. As I say, the scheme is well-intentioned, but when a policy lacks targeting and loses its focus, as EMA seems to have done in certain ways, all we are doing is building up a credit card of debt for our young people. We are actually encumbering the generation that we are giving EMA with a massive debt—and we are encumbering their children with huge debts, which they will be paying off, through higher taxes, for years to come. They will suffer reductions in service as a result of the debt interest that this country is paying.

Any sensible Government would want a targeted scheme to allow young people to access further education. That is what I hope the current Government are trying to achieve. Rather than concentrate on the inputs, and tailoring the programme of support for young people on the basis of how much money we put in, we should first set a target for what we want to achieve and what outcomes we want, and then look at what money we need to support that programme. To that end, we need to look at the impediments to some of our younger people gaining access to further education. Gaining that access is a problem, in some ways, for many young people; 12% have clearly said that if they did not have some sort of financial support, they would not be able to continue their studies, which we need certainly to address and overcome.

I have two fantastic post-16 colleges in my constituency, King Edward VI college and North Warwickshire and Hinckley college. I have met a number of students at North Warwickshire and Hinckley college, and had a detailed discussion with them. Their biggest concern, and the biggest impediment that they saw to young people continuing their studies, was the issue of travel to and from college. We have to address that, and not just for people from rural areas; it is a problem for people from urban areas as well.

We also have to address the fact that, as has been mentioned from the Opposition Benches, during the current academic year many students have been used to receiving EMA and benefiting from it, especially for their travel. The Government must make sure that young people who have gone to college on that basis this year do not drop out next year. We need to clear up quickly what the system will be next year, to make sure that our young people make informed choices about their studies once they finish school this year.

Many local authorities have reduced or stopped the discretionary travel supplement that used to be provided. One or two schemes are still available, but across the country many have disappeared. We need to look into that and see how, as a Government, we can help young people with their travel.

Earlier, the shadow Secretary of State was rather derogatory to our young people, saying that it was not appropriate for them to do part-time work. That is not a concept that we have covered in the Chamber today. Part-time work is extremely important not just to earn money to provide things over and above those that young people need for their education, but to help young people develop soft skills to bridge the gap between education and employment. I speak to many people in commerce who say that younger people need the best soft skills they can get to integrate into the workplace. It is extremely important that that is encouraged in our further education system.

To conclude, as I do not have much time, I wholeheartedly support the Government amendment, especially as it relates to travel, but I have concerns about how the new scheme will look and the amount of money to be put into it. I hope that tonight the Minister will dispel a few of those hares that have been running—

Madam Deputy Speaker: Order. Time is up.

4.52 pm

Ms Karen Buck (Westminster North) (Lab): The decision to abolish EMA is an act of educational and social vandalism. It has caused huge distress and anger among young people, who do not see, as I do not see and the Opposition do not see, why they should carry a disproportionate burden of the deficit reduction strategy.

We have heard from some speakers about early intervention, particularly in respect of young people. We all believe in the importance of making further progress on early intervention in the early years to pay off in 16 years' time. To abolish EMA is to do away with an early intervention that will pay off in two years,

[Ms Karen Buck]

because EMA is a means of preventing young people from leaving school and failing to obtain the qualifications that will enable them to get jobs and go on into higher education. That will cost money. We know it will cost money, and we know from the IFS that there is research to confirm that measures that leave more young people unemployed and without qualifications will cost us in the short term—this year, next year and the year after. There is no economic case for the abolition of the education maintenance allowance.

Has EMA worked? We hear from Ministers so often, "Let's devolve the responsibility to heads. Let's hear what is being said at a local level." Listen to my heads and to the principals of my further education colleges. They are saying, "Don't do this." Jo Shuter, the principal of Quintin Kynaston school, is an award-winning head teacher who has transformed a school that was extremely challenging a few years ago. She said to me that at a school where 84% of young people are on the education maintenance allowance in the sixth form, abolishing it will be extraordinarily damaging and will wreak havoc on her sixth form. She is not alone in saying that.

The City of Westminster college, which I mentioned earlier, quoted the figure of 250 students this year, every year, who are obtaining qualifications, who were not staying on in school and obtaining qualifications without EMA. Those 250 pupils alone justify the expenditure on EMA. But EMA is not just about staying on into the sixth form, as we heard from many other speakers; it is about giving head teachers a tool to manage attendance and progress at school, and it is much valued for that. It is also about reducing the need for part-time employment. I agree with the hon. Member for Nuneaton (Mr Jones) that part-time work can be a valuable thing. I did it; many of us did it. I also know that in the school that my child attends, which took over from a failing secondary school where just 18% of pupils were obtaining 5 A to C GCSEs, that figure has now increased to 63%. The school did that with Saturday schools and sessions in the school holidays. It is a similar picture at Paddington academy and Westminster academy—some of the most deprived schools in the country.

If we encourage pupils to lose their focus on their studies—another point emphasised by the principal of Quintin Kynaston—they will not work. It is all very well in the high-achieving schools, all very well for the pupils who do not need to be worrying about transforming their educational results, but it is not satisfactory in those schools that are on a journey, and which we know most need the improvements. We have heard from other speakers about how this impacts most severely on large families, on black and minority ethnic families, and on lone-parent families. The removal of EMA is not fair and it is not proportionate in its impact.

I want to spend my last couple of minutes on a particular concern. The reduction of funding for a more targeted programme poses a real question about what we seek to achieve. Are we looking for that money to maintain the staying on at school rates in those groups of people who currently do not, or are we looking to provide additional financial assistance for those pupils who are most challenged? Two into one will not go. There are schools in my constituency where 80%-plus of pupils are on EMA. At City of Westminster college, 75% are on EMA.

Last week, the principal of Westminster academy, which has been so transformed in recent years, told me that 60% of students who have been through the school—almost two thirds—have had multi-agency involvement from the mental health trust and social services because they are children in need and at risk. That figure is extraordinary. How are we targeting resources to that school, and how will we leave that responsibility without imposing a cost and a burden on the head teachers and principals who will be deciding between all those competing claims—the students who are under financial pressure and that overwhelming number of school students who have challenging circumstances, such as mental health problems, children who are themselves homeless, children in families who are homeless, and children from families where the parents are in prison or have drug or alcohol or mental health problems? An invidious pressure is being put on those schools. It will increase costs and increase the burden, and without doubt it will result in fewer children obtaining educational qualifications, fewer children staying on and great hardship for the families who most need help.

4.58 pm

Mr David Ward (Bradford East) (LD): I thank the Labour party for initiating the debate. It is certainly a subject that warrants a debate. Between the wild statements that have at times been made by Members on both sides of the House, some useful points have come out, and they needed to.

I thank my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) for the work he has been doing. I may be privileged to know some of that more than others, but a lot more work still needs to be done, and I hope that he will come to Bradford and talk to us about the implications of the withdrawal of the education maintenance allowance. There is a lot more work to do, but my right hon. Friend has done enough for me for now. However, my continued support for his work is dependent on the success with which he deals with concerns that I and many hon. Members have about the proposals. The Labour motion is tempting, but it fails to recognise that although EMA has played a valuable role in supporting young people from disadvantaged backgrounds, it is very costly.

Karl Turner: Will the hon. Gentleman give way?

Mr Ward: No, I will keep going. With or without a national economic crisis, the operation of EMA is far from perfect. Although they are not in the amendment to the motion, I welcome the comments that have been made on this side of the House about looking at whatever replaces EMA. The Labour motion mentions a rethink of the decision. Had it included a review of EMA, I probably would have supported it. We must look at the scheme and its weaknesses. I thank all those who have campaigned against the withdrawal of EMA, who have undoubtedly made a difference. I did not need convincing that a well thought through and adequately funded replacement was necessary.

Jeremy Corbyn: Will the hon. Gentleman give way?

Mr Ward: No, I will keep going. I hope that we all start from the same standpoint: that we have made a social contract with young people and their parents to

provide free education for those who want it up to the age of 18. When young people must decide at 16 what to do with the next couple of years of their life, the continuing benefit from that social contract is not available equally to everyone. I think we can also agree that as far as possible we want that decision to be completely unfettered by financial limitations. In plain English, I am sure we all agree that the respective costs, whether for apprenticeships, school, college or for going into employment, should not be allowed to distort and unduly influence the decision-making process.

For those families that are sufficiently well off to be able to keep their child at school or college for a further couple of years, it is a straightforward options analysis: what is best for their son or daughter, what do they want to do with the rest of their lives and what are the local employment opportunities. For youngsters from low-income families, however, the options appraisal is often constrained because they cannot afford to stay in education without EMA.

We have been told that 88% of young people from low-income families would stay on in education without EMA and that it is a dead-weight calculation. On that principle, if the Secretary of State was willing to do his job for two thirds of the salary, would that be a dead-weight? If people are still going to provide some food for their children when they go to school, does that mean that free schools meals are a dead-weight cost? There are so many ways one can look at that concept. I think the proposal shows, more than anything else, a failure to understand that it is not about EMA being so important in getting young people into a situation in which they can do what they want, but the experience of the people who would say, "Yes, we would do it even if it was not available."

Young people from low-income families might face a more serious decision. Affluent families will say, "We'll put our kids through another two years of education, which might mean we go to Tenerife for 10 days rather than 14, or replace the car after four years instead of three." However, for many families that decision is about food and clothing, or whether to send the eldest or youngest child to college because they cannot afford to send both.

Is that over-egging the pudding? In Bradford, 9,000 people receive EMA, 90% of whom receive the top rate, which means that they come from families that earn less than £21,000. We have already decided that anyone who earns less than that should not pay a penny off the student loan as a graduate, and that is not for households, but for individuals. So why are we not really looking at the consequences of the decision we are making on EMA? We need a thorough review. I welcome the work being done, but it must go much further if we are truly to support the new scheme, not only in terms of the content but with regard to the funds available.

5.4 pm

John Cryer (Leyton and Wanstead) (Lab): There have been times this afternoon when, apart from losing the will to live while listening to speeches from Government Members, I thought I must have slipped through a glitch in the space-time continuum and landed on another planet. We have been told that, because £30 is too small an amount, we need to abolish EMA; and someone from a sedentary position on the Liberal Benches told us that because the Labour Government refused to extend school dinners, we should abolish EMA. I have heard many Liberal MPs speak. They in particular have an important decision to make, because when they talk about the 90% dead-weight they should worry not about offending us but about offending those people outside who are included in that 90%.

Last week, I was at a meeting with about 120 students from throughout Britain and the right hon. Member for Bermondsey and Old Southwark (Simon Hughes) indicated clearly that if the Opposition motion was moderately worded and—as I think he phrased it—sufficiently friendly, he would consider going into the Lobby to vote with us. It will be interesting to see whether he does, because if he does not he will have misled those students last week and others at other meetings over the past few weeks. He has a consistent record of doing so, and I shall be interested to hear what he says when he returns to the Chamber.

I was under the impression that today's debate was about EMA, but according to the Secretary of State it is really about the economy, so let us get one or two facts straight. The real spark for the financial crisis was when BNP Paribas posted its figures on the north American market in autumn 2007. At that point, the British deficit was below 3% of GDP, which I mention because it is the figure in one of the convergence criteria written into the Maastricht treaty by Conservative Ministers, who at the time said that it was quite tight—but achievable. We achieved it year after year, as we did the 60% debt figure that is also in the criteria, but, after the events involving BNP Paribas, followed by Lehman Brothers and Northern Rock, the deficit had to mount because we had to intervene continually. That was the root of the financial crisis

Gavin Barwell: Will the hon. Gentleman give way?

John Cryer: I am not going to give way, because I am short of time.

In my borough, I note that 63% of students at Leyton sixth-form college in my constituency receive EMA, and well over 1,000—1,100—receive the top rate of £30 a week. In the constituency of my hon. Friend the Member for Walthamstow (Dr Creasy), who was in the Chamber earlier, 47% of students at Waltham Forest college receive EMA, and more than 800 are on the top rate. Those students and their college principals have told us not to get rid of EMA.

Principals from other boroughs have said the same thing. Eddie Playfair, who has been on television and radio repeatedly over the past few weeks, lives in my constituency but is the head of Newham sixth-form college in the constituency of my hon. Friend the Member for West Ham (Lyn Brown). He has one of the highest numbers of students on EMA, and he has consistently said, "Don't get rid of it." My hon. Friend the Member for Westminster North (Ms Buck) said the same in her remarks, yet the Government say, "We know best; we're going to get rid of it."

Ian Lavery (Wansbeck) (Lab): Will my hon. Friend give way.

John Cryer: No, I will not, because I need to crack on.

[John Cryer]

The "enhanced discretionary learner support fund"—if ever I heard an Orwellian phrase, that is it—is so far unclear. We have not been told how it will work, but we do know that funding will drop from half a billion—£575 million—a year to £75 million a year, and it is absolute fantasy to suggest that with such funding we will be able to cover all the students who need assistance. I have attended meeting after meeting with students, principals and lecturers, and they all say the same thing: "This will deter people, particularly from poorer backgrounds, from continuing in education." Yet the Government, and Liberal and Tory MPs, have engaged in a process of mendacity and misinformation, saying, "We'll work together and do our best to come up with some scheme that will actually work." The way to send a signal to the Secretary of State, however, is to join us in the Lobby tonight and vote for our motion.

At a time when bankers' bonuses are being doled out to the tune of £7 billion, it is an obscenity to see a Government refusing to intervene with the banks yet at the same time taking money away from some of the poorest students in this country. However, there is one thing that we should be grateful for, and that is that the Prime Minister and Deputy Prime Minister are managing to do what many of us have wanted to do for a long time by politicising a generation of students. I can promise the House that those students who are being politicised by the abolition of EMA and by the tuition fees debacle will not be voting Liberal Democrat and will not be voting Conservative.

5.10 pm

Nadhim Zahawi (Stratford-on-Avon) (Con): I echo the words of my hon. Friend the Member for Bradford East (Mr Ward) and thank the Opposition for this debate on EMA. Historically, they have been vexed about how to pay for the scheme.

If we are to have a credible debate today—*[Interruption.]* I apologise, Madam Deputy Speaker. My tie to support the campaign against bowel cancer was making that noise—it is a musical tie that the campaign was giving out.

Madam Deputy Speaker: Order. Perhaps next time the hon. Gentleman will be more selective in the ties that he wears in the Chamber, and then we will not need to have the musical accompaniment.

Nadhim Zahawi: Your words of wisdom are taken on board, Madam Deputy Speaker, and I apologise to you.

If we are to have a credible debate, we must look at this issue in the round, and that means that we must look at the economic legacy we inherited from the previous Government. Our structural deficit is one of the largest in the world, and it is simply unsustainable. We are having to borrow £500 million a day. Every time we go to sleep and wake up in the morning, we rack up another £500 million. The debt interest—the money that we have to pay in interest to foreign banks and foreign countries to build their own hospitals and schools with—is £120 million a day, every single day.

I come from a rural constituency with some areas that have no post-16 provision, so I am all too aware of the additional costs that students will have to bear. Shipston high school in my constituency has lobbied me very hard on this subject, as has Martin Penny, the head of Stratford-upon-Avon college—a fantastic institution in my constituency with 5,000 students and 450 staff. I addressed the students during the week of the tuition fees debate, and after we had cut through the misinformation they understood why we were having to make these decisions.

Charlotte Leslie (Bristol North West) (Con): I apologise for missing the beginning of this very important debate.

I thank my hon. Friend for setting out the economic realities. Does he agree that when there is a dire economic reality, the correct moral thing to do is not to bury our heads in the sand and carry on spending unsustainably, which will end up damaging the very people we want to protect because in the long term it will do the country no good, but to be really rigorous and focused in ensuring that the resources that we do have are absolutely focused on the most vulnerable?

Nadhim Zahawi: That is exactly right. In fact, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), when he was Prime Minister, hoped to pay for EMA by reducing the debt on the young people of this country.

Transport is an important issue that was raised with me by Martin Penny from Stratford-upon-Avon college and has been aired by Members on both sides of the House. As my hon. Friend the Member for Nuneaton (Mr Jones) said, it is an issue not only for rural constituencies but for urban areas too. I am pleased that the Secretary of State has made some encouraging remarks about opening up the discretionary fund to allow such colleges as Stratford-upon-Avon college—which are best placed to judge because they are closest to students and their families—to target some of that money on those who most need it.

In the spending review, the Government committed to refocus the support, because all the data show that the £560 million spent on EMA every year was not well targeted. I am pleased that the Secretary of State confirmed in his opening remarks that the Government will target the money on those with special educational needs. I was a governor of a special educational needs school that was shut down by the previous Government and I know how important it would be to those families if the money was targeted in that way.

I ran a research company for 11 years, and I am passionate about evidence-based strategy. The National Foundation for Educational Research report commissioned by the previous Government, which we have heard about today, found that almost 90% of young people who receive EMA would have completed their education or training course if they had not received it. In an interview, the shadow Secretary of State admitted that some of the money went towards students buying drinks and partying. He therefore probably agrees with me that the money is not well targeted. I see him leaning forward, and am happy for him to intervene.

Andy Burnham: I will intervene, because I did not say that, and I would be grateful if the hon. Gentleman corrected the record. I said that young people should be able to play a full part in the life of the college. If that means trips to musical events, the theatre or political events in the evening, they should be supported to play a full part in them. I would be grateful if he was a bit more careful with his language in future.

Nadhim Zahawi: I thank the shadow Secretary of State, but let me quote him:

"Yes, they may spend some of it on food and even the occasional time out with friends... But part of being in a college means taking part in the whole life of a college, and why should we say to young people from the least well-off backgrounds, well, 'you can't have those things'."

That settles that one. We also know that almost 50% of students are in receipt of EMA. That fact demonstrates that it is not well targeted.

In my old profession, when the research has been done and there is evidence for a strategy, if one does not like the findings, one should not throw them away and go into denial about them. Several Opposition Members have trashed the research because it does not suit their argument. As well as saying that he hoped to pay for the EMA through a reduction in debt, the right hon. Member for Kirkcaldy and Cowdenbeath said that he would pay for it by scrapping post-16 child benefit. I wonder whether that will become Opposition policy.

The Government have demonstrated their commitment, as we heard clearly today, to invest in the young people of our country. They are investing £7 billion in a fairness premium designed to support young people of all ages. The introduction of the all-age careers service will improve the information, advice and guidance that the National Foundation for Educational Research said needed to be improved. The Government are continuing to invest in providing apprenticeships, and have committed to improving the apprenticeship package so that level 3—the A-level equivalent—becomes the level to achieve.

In government, tough choices have to be made. We on the Government Benches have made those tough choices. We have chosen to safeguard spending on the national health service and education. I urge the Opposition, if they want to have a constructive debate, also to safeguard the national health service and education.

5.19 pm

Mr George Howarth (Knowsley) (Lab): Unfortunately, I do not think I will be able to compete with the hon. Member for Stratford-on-Avon (Nadhim Zahawi) as regards our ties, but I rather hope that I will surpass the arguments that he made.

Before I get into the meat of my argument, I wish to express a debt of gratitude to Frank Gill, the principal of Knowsley community college, of which I am a governor; to the director of children's services in Knowsley, Damian Allen; and to Jette Burford, the principal of Hugh Baird college in Bootle, which some students from my constituency attend.

The points that I wish to make have been shaped by a number of conversations and briefings that I have had, but also by a very interesting meeting that I had last year with some students at All Saints centre for learning in Kirkby, in my constituency. They talked about their hopes and aspirations and said that EMA had been a help to them and would continue to be. They also expressed their concern about the reduction in spending on Aimhigher, which had inspired some of them to go to university when they had not previously thought it possible.

The Secretary of State seems to have three arguments about EMA and his replacement for it, the pupil premium. The first is that EMA does not have any real impact on participation and on young people staying on in education. Unfortunately, the hon. Member for Stratford-on-Avon cited a piece of research that does not quite indicate what he thinks it does. It was based on a flawed sample, as several of my hon. Friends have said.

Nadhim Zahawi Will the right hon. Gentleman give way?

Mr Howarth: I will not. The hon. Gentleman has had his opportunity.

Nadhim Zahawi: You have mentioned me twice.

Mr Howarth: Okay then.

Nadhim Zahawi: The right hon. Gentleman claims that the sample was flawed. Can he explain why he believes that? It was a representative sample of at least 2,000 interviews, taken in a scientific way.

Mr Howarth: I do not know how long the hon. Gentleman has been in the Chamber, but several of my hon. Friends have gone through the flaws in the report's methodology in great detail.

Nadhim Zahawi: What are they?

Mr Howarth: I am not going to repeat them. I do not want to make a speech about that particular issue, but I raised it because the hon. Gentleman used flawed research to support his argument.

On participation, I know that 80% of those attending Knowsley community college who are in the relevant age range receive EMA, and the figure is 84% for Hugh Baird college. Neither the hon. Gentleman nor the Secretary of State can gainsay that. Since 1997, the number of young people from Knowsley who have gone on to higher education has gone up by 187%. EMA was not in place for all that period, of course, but those figures indicate to me that it was part of the package of things that enabled people to stay on into further and higher education.

The Secretary of State's second argument is that there are better ways to reward young people and improve attainment. When he first made his announcement about EMA, I was prepared to accept that that might be the case. I have waited patiently since October for him to explain how it might be, but he has failed to do so, including today. I sat and listened carefully to his speech, but as several hon. Members have said, he chose to make a speech that was more about economic policy than about EMA. Other ways of supporting young people might work better, but unfortunately we have not been told what his case is and nobody has yet demonstrated it.

My final point is that some on the Government Benches seem to believe the argument about the 90% dead-weight, but there is something wrong about saying to young people in less favourable circumstances, "You don't need any support." Actually, it is a real struggle for families on low incomes. It is a struggle for young people not only to get to college—there has been a lot of discussion of transport costs—but to live anything like a decent life without some support. I find it deeply offensive when people use phrases such as "dead-weight"

[Mr George Howarth]

when we are talking about people who are struggling to realise their potential and to gain academic qualifications and, in many cases, to go on into higher education when that would have been inconceivable a generation ago.

The hon. Member for Blackpool North and Cleveleys (Paul Maynard) said that he regretted the tone of this debate, but I regret how the needs of those young people seem to have been jettisoned without any real thought or debate whatever. The Secretary of State had to prove that the changes would work, but he did not do so, and he should now withdraw his proposals.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. A huge number of Members still wish to participate in this debate, and the Front Benchers have given an indication of relatively short wind-ups of 10 minutes each at the end. I am therefore reducing the time limit again—to five minutes from the next speaker I call—in the hope that I will get more speakers in. I hope that all hon. Members will take note of that.

5.26 pm

Tessa Munt (Wells) (LD): I wish to declare an interest in that one of my children was in receipt of EMA to do A-levels at college, and I was very grateful for that help. I should also like to thank the Opposition for the opportunity to debate this matter.

I shall concentrate on the situation for the 655 students at Strode college in Street, the 1,813 students at Bridgwater college—41% and 50% of whom respectively are in receipt of EMA—and the 2,615 children living in poverty in the Wells constituency. I am grateful to Tom Strode-Walton, James Staniforth, the principal of Strode college, and Fiona McMillan, the principal of Bridgwater college, for the information that they have provided to me for this debate.

If students from disadvantaged backgrounds do not have the right help to access education for AS and A2-levels, there is no chance of them accessing university education until later in life. Strode college estimates that its students have claimed £500,000 in EMA this year. Bridgwater college surveyed its students and estimates that they have claimed in the region of £1.5 million.

The learner support fund at Strode college is currently £17,000, and at Bridgwater in this financial year it is £42,000. The Government propose to triple the current learner support fund for each college to address the loss of EMA to students from September 2011 onwards. That would mean that next year Strode college could expect £51,000, and that Bridgwater college could expect £126,000. It is difficult to understand how those colleges will make that funding stretch to meet students' needs so that they can continue to fund their education.

The Minister should look to remove the main barriers to FE and HE. Many of the arguments that I would wish to make today have been rehearsed already, but in a rural area such as mine, one main barrier is transport to and from college. A county bus ticket in Somerset costs £600 a year. That is likely to increase as Somerset county council stops concessions for students—it will withdraw its subsidy in April—and as the various fuel price increases are included. Public transport in many rural areas is non-existent, and it is difficult for students to work because they cannot get home on public transport later in the evenings or at weekends, when there is a reduced service. A taxi fare from my village, which is four miles from the main town, is about £15 one way.

The mother of the twins Rhiannon, who wishes to be a vet, and Ayesha, who wants to be a psychologist, wrote to me last night. They live in a very rural part of my patch, and their mother is recovering from an illness. Consequently, they will be caught in a situation in which they have to pay £1,400 or £1,500 each year to get through college.

The other main expenses for which EMA is used have been mentioned: books, kit and clothing. Studying hairdressing at Bridgwater requires £200-worth of equipment. The equipment needed for plumbing, bricklaying, car mechanics and all the other trades is also extremely expensive. Chefs need knives; art and photography students need a constant supply of materials; and those on sports courses need clothing, footwear and equipment, none of which are cheap. Many other courses require textbooks and supporting literature, and all students need to cover those costs.

In my part of rural Somerset, there are several schools without any sixth forms: Whitstone school in Shepton Mallet, St Dunstan's community school in Glastonbury, and Crispin school in Street. Students aged 17 and 18 will be required to stay on in full-time education or training from 2013 and 2015 respectively, and the choice of which school or college to attend must lie freely with the student. It is important that students are not required to attend their nearest A-level provider, as that could lead to their choices being limited. Year 11 students at Whitstone school, for example, might want to study a specific subject that means they will want to go to Frome college, Radstock college or Yeovil college, travelling 18 to 42 miles a day. It is important that future students have the ability to plan, budget and know exactly where they will be. For that reason, the Minister must address the issue of transport. I received advice from the Department for Transport this morning, saying that the local authority must provide home-to-school transport but that it has no legal requirement to help the over-16s, and that only 21% of local authorities use their discretionary powers to offer concessions, over and above the statutory requirements.

I ask the Secretary of State for Education to consider all the issues affecting my constituents in rural Somerset. EMA is not perfect; it needs to be reviewed. I am not wedded to it therefore, but I am sure that if we address the transport issues—

Mr Deputy Speaker (Mr Nigel Evans): Order. Time is up.

5.32 pm

Mrs Jenny Chapman (Darlington) (Lab): I am very grateful for this opportunity to speak in the debate and to represent the concerns of my Darlington constituents.

More than 100 people in my constituency will lose their jobs as a result of the Government's decision to scrap EMA, and about 1,300 students will lose out. Providing EMA of £30 a week to the children of families whose combined earnings are less than £21,000 is the simplest, fairest and most effective way of keeping young people in education and training.

We have two outstanding colleges and one excellent school sixth form in my constituency. College principals have spoken to me of their concerns about the impact of the removal of EMA on their students and their institutions. The college I attended in the early '90s served at that time a far smaller cohort of young people than it does today. Most came from the well-off areas close to the college. Results were adequate but not great, and admissions to Oxford and Cambridge—which the Secretary of State cares so much about—were rare. Today, the college's biggest challenge is to accommodate the ever-increasing number of young people from across the region who wish to study there. Queen Elizabeth sixth form college in Darlington is consistently among the best performing sixth-form colleges in the country, and one of the secrets of its success is that it can recruit from a wide geographical area.

I was a governor at QE before the introduction of EMA, and recruitment from secondary schools in the less affluent areas was often either non-existent or in single-digit numbers. That has changed and the situation is continuing to improve thanks to EMA. Because many current QE students travel more than a mile and a half to get to college, they rely on public transport to get them there, which has a cost. Those young people are not able to go home for their lunch, so they need money to buy food. They also need money to benefit from participating in the rich array of important extracurricular activities that are on offer but which need to be paid for. Many students on EMA work to supplement their allowance, but in Darlington students are explicitly encouraged to limit the hours they work, which I think is good. Although having part-time jobs brings many benefits to young people, they must not distract them from the aim of getting a qualification.

It is particularly cruel to remove EMA from students who will be only part of the way through their courses when they lose their allowance. With EMA, students could be certain of the support they would receive, and they could make their choices accordingly. There is a predictability to the scheme that allows families to plan ahead. It shifts horizons and encourages the setting of longer-term goals. The idea that my old college could now be using its budget to provide buses to transport students to it from further afield is a credit to the college, but it is inefficient and it disempowers individual students. With EMA, young people had choice; they were responsible for managing their own bank accounts and for making their own financial decisions. If young people spend all their money on beer and cannot afford to get to college the next day, they lose out on future payments—this is a conditional allowance. It is a tough lesson, but one that young people understand and sign up to.

Few things in life are more expensive than a NEET. The number of NEETs in Darlington has reduced and the level of participation in further education there has increased from 82% to 91%. As a former lead member for children's services, I think that EMA is very good value for money.

The Government do not understand social mobility. In fact, they have had to get my predecessor and friend, Alan Milburn, to explain it to them. I just hope that they listen, because social mobility is about making choices and living with the results of those choices. Scrapping EMA does the opposite of saying, "We are all in this together." It says to our young people, "You are on your own."

5.36 pm

Jeremy Lefroy (Stafford) (Con): I have very much enjoyed listening to many of the speeches in this excellent debate, which has been well worth having. I listened particularly closely to the right hon. Member for Sheffield, Brightside and Hillsborough (Mr Blunkett), who is not in his place, and to my hon. Friend the Member for Brigg and Goole (Andrew Percy), who made some powerful points.

I understand the reasons for the changes—the deficit of £23 billion in November brings things sharply into focus—but I am concerned, as many Members are, about the consequences. I shall briefly make two points that need stressing, although they have been alluded to by a number of hon. and right hon. Members. The first relates to fairness. Those who entered sixth form in September 2010 will cease to receive EMA in September 2011, and the Secretary of State needs to examine that closely, because it is not fair.

John Hemming (Birmingham, Yardley) (LD): Sixth-form colleges in Birmingham are trying to assess how much the lower sixth-formers need their EMA. Does my hon. Friend think that that is a useful process?

Jeremy Lefroy: I think that that is an extremely useful process. I should also mention, in this regard, the people who just joined in January and have no particular scheme available to them.

My second point, which has been made by many hon. Members, particularly my hon. Friends the Members for Mid Dorset and North Poole (Annette Brooke) and for Nuneaton (Mr Jones), is about transport. I have an 18-year-old daughter and I find it strange that she pays for her bus fares to and from school whereas others who could well afford not to have free bus passes receive them. We need to examine that seriously. Today I met a couple of students from Stoke-on-Trent, in Staffordshire, one of whom said that she was paying £7.60 a day in bus fares because she had to take two buses; the hon. Member for Stoke-on-Trent South (Robert Flello) mentioned that situation earlier. I also wish to pay tribute to the work of the colleges in my constituency, in particular South Staffordshire college and Stafford college. They have brought the figures to me, and have shown me the importance of making these points and representations on their behalf.

Finally, I, like the Secretary of State and the hon. Member for Huddersfield (Mr Sheerman), wish to stress the importance of evidence. I agree that evidence is vital. This subject is too important to ignore evidence, because the prospects of young people are at stake. So my final request to the Secretary of State is that he be guided by the best possible evidence in this matter.

5.39 pm

Ian Mearns (Gateshead) (Lab): Without doubt, the removal of education maintenance allowance will have an enormous impact on the young people of my region of the north-east, including those in my constituency in Gateshead. It is irrefutable that since its introduction,

[Ian Mearns]

EMA has changed the landscape of young people's aspirations in Gateshead. Staying on became an option for many, when it had not been before. Now it is being abolished—an action that will come as no surprise to my constituents, as it is entirely consistent with every other action by the coalition since it was elected in May 2010. It is now in the process of redirecting resources and wealth from the least advantaged to the most advantaged, and of crushing and removing opportunity for the most vulnerable and disadvantaged in our society, including in my community.

Nicky Morgan (Loughborough) (Con): Will the hon. Gentleman give way?

Ian Mearns: I will not.

I am proud of my local authority's role in improving the educational outcomes of young people in my borough and of the fact that it was an EMA pilot authority, prior to which it had invested in bursary awards for poorer students.

I asked all the local colleges in Newcastle and Gateshead about the impact of this proposal and its effect on them and their students. This is the response I received from Gateshead college:

"Our statistics show that 60% of our learners receive EMA",

but among 16 to 18-year-olds it was 70% of students, with

"80% of those in receipt receiving the full payment",

one 10th receiving two-thirds payments, and one 10th receiving a one-third payment. All those young people will be delighted to know that they are regarded by some in this Chamber as waste in the system, and by others as "dead-weight".

The college principal told me:

"I believe that the Department of Education has made the wrong decision and that disadvantaged young people in Gateshead will suffer as a result of this decision and Ministers' ambitions to raise the participation rate to 18 will fail."

He continued:

"EMA is predominantly taken up by those with low achievement levels at school, those from ethnic minorities and those from single parent families and those whose families are just plainly and simply poor."

He saw EMA as

"a vital tool for increasing social mobility... I believe that stopping EMA will result in many of these young people, from disadvantaged backgrounds, not continuing their education after 16."

Many of these young people will simply not have the money to travel on public transport, never mind buy books—or even to eat. There is also a significant danger that many students will, on losing their EMA, be forced to drop out of college after their first year. What a potential waste when they have done a year of study!

The views I cite are not those of just one college in the north-east, as many colleges take the same view. Many Members will have received the briefing from the Association of Colleges, which represents colleges across the UK. The briefing clearly states:

"The vast majority of colleges and their governors...across the UK, oppose the abolition of EMA...94% of colleges believe that the abolition of EMA will affect students' ability to travel to and from college."

The Association of Colleges also estimates that up to 300,000 young people will lose their EMA part way through their two-year studies. EMA has provided a real incentive to increasing levels of attainment because payment has been tied to levels of attendance and completion of course work.

Let us be honest: none of this is a surprise to Ministers, who know that it is the young people from the most disadvantaged backgrounds who will suffer most. They know that many will not be able to start or continue education beyond 16; they know that there will be a rate of attrition—collateral damage—from their policy. Ministers know this, but I am afraid to say that they appear not to care about it. If one were completely cynical, one could be forgiven for thinking that this is precisely what those Ministers want to do. For them, further and higher education is not for the disadvantaged, not for the poor, or for those whose parents or carers are on modest incomes.

I noticed with interest that the Secretary of State earlier offered to visit the local college in the constituency of my hon. Friend the Member for Islington South and Finsbury (Emily Thornberry). Will he make the same offer to me in Gateshead, or to my colleagues in Newcastle, Middlesbrough, Sunderland or Darlington—or would it be too inconvenient for him to travel? The coalition Government talk about building a stronger and more vibrant economy, but I am sorry to say that it looks as if they are going to wreck it.

5.44 pm

Elizabeth Truss (South West Norfolk) (Con): This is the latest in a series of debates initiated by the Opposition on education issues. We have heard a number of lengthy speeches on various subjects, but we do not seem to have heard about issues that get to the core of what education is about, such as the quality of teaching. Instead, the debate seems to have focused on other issues. That is not to say that transport is not important, and I am very pleased that Norfolk county council confirmed yesterday that despite its budget reductions, it will provide transport support for further education students in Norfolk. That is great, but we must focus on getting the greatest bang for our buck.

We have £500 million in the budget, and I am very concerned that the No. 1 factor in terms of the quality of education should be the quality of teaching. The reason the previous Government failed to make progress on social mobility is that they did not focus enough on teaching quality. Last year's results in the OECD's programme for international student assessment, or PISA, tables showed that the UK had fallen to 28th place in mathematics, to 25th in reading and to 16th in science. A major reason why there was such a big gap in Britain's performance was the differential between low-income and high-income students. Britain performed particularly badly on the education of low-income students, despite having doubled the budget per pupil between 1998 and 2008. The Opposition need to ask themselves whether this is about finance or about where they focused their policies when they were in government.

The issue of teachers' qualifications is important, but the UK has one of the largest gaps between the qualifications of those teaching low-income pupils and

the qualifications of those teaching high-income pupils, particularly in mathematics. We have less qualified teachers teaching those from low-income backgrounds compared with those from high-income backgrounds. *[Interruption.]* I am being corrected on my grammar; obviously, I did not go to the right kind of school. *[Interruption.]* I went to Roundhay comprehensive school, as did the Minister of State, Department for Education, my hon. Friend the Member for Bognor Regis and Littlehampton (Mr Gibb). [HON. MEMBERS: "Ooh!"]

Under the previous Government there was also a push towards equivalence of qualifications, and people from low-income backgrounds ended up taking fewer academic qualifications. There was a reduction in the percentage of students taking modern foreign languages from 79% in 2000 to 44% in 2008. That had a commensurate effect on the ability to enter top universities in our country.

Labour's record on social mobility was not good either. *[Interruption.]* I am sorry—the hon. Member for Glasgow North West (John Robertson) can intervene on me if he likes.

John Robertson: I thank the hon. Lady for giving me this opportunity, which I did not expect. Is she saying that only the good high-level students should be allowed to have education, while the rest of us should get on with things and not get an education?

Elizabeth Truss: I fear that the hon. Gentleman has not been listening to what I have been saying, which is that we have been failing, as a country, to give the same level of education to low-income students as to high-income students. By not focusing on core issues such as improving teacher quality, the previous Government failed those students. I should like a debate on education standards—indeed, I have asked the Backbench Business Committee for one—because that is the most important thing we should address as a country. We need to debate what goes on inside schools rather than just how people get to school.

James Wharton (Stockton South) (Con): Does my hon. Friend agree that it is not just the core issue of how we set up and run our schools that is important? The core subjects that we teach in those schools are also very important.

Elizabeth Truss: Absolutely. I completely agree with my hon. Friend. I am very pleased that the Government have introduced the English baccalaureate, which will help us to encourage more students from all backgrounds to study subjects that will help them to get to university. That is a good thing.

I shall finish by talking about the record of the previous Government in getting low-income students to university. Nineteen per cent. of students going into higher education were from families in the lowest income quintile, compared with 30% in Australia and 50% in the United States. That is a shameful record—*[Interruption.]* Members will note that both those countries have a proper tuition fee system. *[Interruption.]*

Mr Deputy Speaker (Mr Nigel Evans): Order. We cannot have all these sedentary interventions.

Elizabeth Truss: Thank you, Mr Deputy Speaker.

As a country, we need to stop comparing ourselves with what we were in the past and start comparing ourselves with countries that are making innovations. Our debate on education has been too insular; we are not looking at what is happening internationally. That is what the shadow Secretary of State for Education should focus on, rather than holding an insular debate that is only about our country. We are not just competing against ourselves; we are competing against other nations in the world. The £500 million being spent on EMA could be better targeted. More of it should be used to reform teaching qualifications, so that there are better qualified teachers to help low-income students get ahead in life.

5.51 pm

Shabana Mahmood (Birmingham, Ladywood) (Lab): I am grateful for the opportunity to take part in this debate, especially as the scrapping of EMA is second only to the rise in tuition fees as the issue on which I have received the largest amount of correspondence. The Government are certainly politicising vast numbers of young people, albeit in the worst possible way and with the worst possible policies.

The Government's decision to scrap EMA represents a vicious attack on the aspirations of young people in our country, especially the most disadvantaged. The scale of support that is being withdrawn is shocking. Our young people will bear a very heavy burden indeed; the Chancellor once stated that he would not balance the budget on the backs of the poor—a statement that fell apart as soon as he uttered it—but it seems that in addition to balancing the budget on the backs of the poor, the Government also intend to balance it on the backs of the young. The message from the Treasury Bench today is clear: if you happen to be young and poor, you're stuffed.

The scrapping of EMA has particular resonance in my constituency of Birmingham, Ladywood. My constituency has the highest rate of unemployment in the country, and one of the reasons it is blighted by long-term unemployment is the legacy of the recession of the '80s. The decision of the then Tory Government to walk away from young people and to say that unemployment was a price worth paying created a lost generation of young people in Birmingham, Ladywood, and across Birmingham as a whole. Now, as a result of the decisions of this Tory-Lib Dem Government, the children of that lost generation will become the new lost generation of our time. That is a cruel and deplorable state of affairs, and represents a dereliction of the Government's duty to the young of our country.

The EMA has three main purposes—increasing participation, increasing attendance and thus increasing attainment—and achieves them because of how young people use EMA. They use it primarily for travel, which learner support funds cannot be used for. Being able to travel to the institution that offers the best course for each student is crucial; it may be the single most important reason why attainment rates have improved. Students also use EMA to buy books and other materials.

Because EMA provides additional financial assistance, students have the financial leeway either not to take a part-time job or to decrease the hours they work, enabling

[Shabana Mahmood]

them to focus on getting the best possible grades and qualifications to make a better future for themselves. That is a point made forcefully to me by staff and students using the Connexions service in Birmingham, which supports young people in Birmingham to go into education, employment or training. The service has already faced massive cuts, including the closure of the Aston branch in my constituency, but it does crucial work.

Students supported by Connexions staff have written to me with their views about EMA. All those students and the staff who work with them tell me that without EMA they would not have stayed in post-16 education, or would not have done as well. All of them have used their EMA for help with travel and equipment. My discussions with them have shown me that EMA is especially crucial for students on vocational courses.

As someone who represents a constituency that is 60% non-white, I am also especially concerned about the effect that removal of EMA will have on ethnic minority students and their post-16 participation and attainment rates. Some 70% of British Pakistani students in full-time education receive EMA. The figure is 84% for Bangladeshi students, 56% for black African students and 50% for black Caribbean students. In that context, it is totally unacceptable that the Government have failed to carry out an equality impact assessment on its policy of scrapping EMA.

The Birmingham and Solihull principals group has told me:

"There are going to be a lot of casualties out of this who will never escape poverty as a result of this cut".

I hope that Government Members will bear that in mind when they vote.

5.55 pm

Gavin Barwell (Croydon Central) (Con): The shadow Secretary of State was right to open the debate with his characteristic passion. I come from a borough that is diverse in every sense and in which there is a shocking gap between the educational qualifications and life chances of the haves and have-nots. I cannot think of an issue that is more worthy of being passionate about than widening access to education and closing that attainment gap.

The coalition Government have done good things in that regard already, such as introducing the pupil premium and school reform. The English baccalaureate will ensure that children from less well-off backgrounds will study academic qualifications that they will need in the workplaces of tomorrow, and the Government have also taken action on apprenticeships and investment in the early years. However, given the economic situation that we are in, not every budget can be protected, so the Government had to take a painful decision on education maintenance allowance. It was right in principle to examine that budget, but I have several concerns about the detail.

EMA is an archetypal Labour policy. Its aim, objective and principle were absolutely right. It is laudable to attempt to widen participation in education, so the previous Government should be congratulated on trying to do that. However, the execution of their policy was expensive and extremely centralist. People have talked about the impact on the poorest in our society, but EMA is paid to people in households earning up to £31,000, which is significantly above average national earnings.

There is some debate about the exact number of people who would not have gone on to further education if they had not received EMA. We have heard about the two reports that have been produced and there is a dispute about the figures. However, everyone to whom I have spoken accepts that some money is going to young people who would have stayed on in further education anyway.

Nadhim Zahawi: Does my hon. Friend agree that if the targeting were somehow linked to those who are closest to the students, the system would be much better?

Gavin Barwell: My hon. Friend neatly brings me to my next point, which is about centralism. I tried to make this point to the shadow Secretary of State. One of the points that has been effectively raised in speeches made by hon. Members on both sides of the House is the differences among students. Young people who have a caring responsibility, a special need or a long distance to travel to college, or who are young parents, have much greater needs than some other students, so a national scheme that makes a flat-rate payment to everyone who comes from a household that earns a certain amount is not necessarily the best way to address the problem.

Nicky Morgan: Does my hon. Friend agree with the principal of Loughborough college, who has put it to me that he is best placed to understand the needs of students and to administer the discretionary learner support fund, but that he needs some certainty about what the fund will be in the next academic year so that he can start planning?

Gavin Barwell: I agree with my hon. Friend, who helpfully takes me on to the next point that I wish to make to Ministers.

The principle behind an enhanced discretionary learner support fund is exactly right. Responsibility should be devolved to people at the front line who know which of their students need help and how much help is required. There are two important caveats, however. First, we need to ensure that sufficient funding is available nationally to deal with students' needs, and it is clear that there is a debate about how much that quantum should be and whether an adequate amount has been allocated by the Government. Secondly, we need more detail—I hope that the Minister of State, Department for Education, my hon. Friend the Member for Bognor Regis and Littlehampton (Mr Gibb), will be able to give this in the limited time he has to wind up the debate—about the system for allocating the fund to schools and colleges throughout the country. That system will be critical, given that our debate has made clear the extent to which different parts of the country are dependent on EMA funding at present.

Despite the fact that I have some concerns about what the Government are doing, I will support the amendment. I have been a Member of Parliament for a relatively short time—about eight months—and during

that period, I have had to vote for several measures that I would not support in an ideal world. I have sat through several debates in which Opposition Members have set out their objections to some of the things that the Government are doing. However, it seems to me and to most of my constituents, many of whom are also concerned about some of the coalition's policies, that those objections hold weight and credibility only if there is a clearly set out alternative.

We know that the previous Labour Government were committed to reductions in spending of 25% in unprotected Departments. I have sat through debate after debate, in which we have met opposition to coalition proposals, but I have never heard one single alternative. I have never heard an Opposition Member saying, "Here is something that the Government are not cutting that we would cut." Until we get an overall package that adds up from the Opposition, we cannot have a serious debate.

I am conscious of the time and of the fact that several Opposition Members still wish to speak, so I simply end by saying that the Government are right to look at the EMA budget. There is clear evidence that the current scheme is too centralist and that money is being spent on people who do not need the support. Like some Opposition Members, I do not like the term, "dead-weight" and I do not think that we should use it.

Clearly, we can get better value for money from the scheme and it does not need to be so centralist. The Government are right to consider it, but there are points of detail about which my constituents, many people throughout the country and I need reassurance.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. As you can see, no Government Members are standing, but many Opposition Members wish to take part in the debate. If you show self-restraint, several of your colleagues will get in; if you do not, they will not. It is up to you.

6.1 pm

Paul Blomfield (Sheffield Central) (Lab): It is unfortunate that so many Government Members have tried to deflect the debate and create a smokescreen of talk about Labour overspending. I do not recall the Conservative party or the Liberal Democrats opposing the money that we spent on building new hospitals and new schools and on investing in our universities and our police service as we set about repairing the broken Britain that we inherited in 1997. If our spending was profligate, and if Conservative and Liberal Democrat Members thought that at the time, why did the then shadow Chancellor commit himself to matching our spending plans until the banking crisis hit internationally?

The hon. Member for Croydon Central (Gavin Barwell) has just challenged us to come up with alternatives. Here is one alternative: if the Government abandon their plans to halve the tax on bankers' bonuses, they could spend the money on EMAs three times over.

Christopher Pincher: Will the hon. Gentleman give way?

Paul Blomfield: No, in the light of the time, I will not give way.

The hon. Member for Croydon Central also said that we should pay attention to the expertise of those on the front line of educating our young people. Every head of institution in Sheffield to whom I have spoken has made it clear that they oppose the Government's plans. Let us consider Silverdale school, which is not in my constituency, but in that of the Deputy Prime Minister. When he next pops to Sheffield, I hope that he will take the time to talk to teachers and students there. It is a successful school with a real commitment to reaching out beyond the leafy suburbs in which it is located. It draws on many young people from the parts of inner-city Sheffield that I represent, provides them with an outstanding education and transforms their lives. When I was there recently, presenting GCSE certificates, the head and deputy head had no doubt that getting rid of EMA would undermine that work for the 25% of students who attend the school from my constituency and depend on EMA.

The biggest provider of 16-to-19 education in our city is Sheffield college, with just over 3,300 learners. Of those, 51% claim EMA, and—this is a measure of their needs—84% of them are awarded it at the full rate. In my discussions with her, the chief executive of the college made it absolutely clear that EMA has a significant positive impact on learner retention and achievement, and that its withdrawal would lead to a significant cut in student numbers. That, along with the money lost through scrapping Train to Gain and the reduction in funding for adult learners, will have a significant impact on the college budget, its curriculum and its work.

One of the students at the King Edward VII school in the heart of my constituency, Elicia Ennis, was so moved with anger by the double whammy of the Government's policies on EMA and university fees that she wrote an article for our local newspaper, Sheffield's *The Star*. She wrote:

"I completely disagree with the idea of cutting the EMA.

Some students may have abused the system but that's no reason for the entire idea to be axed."

She went on to say—with a full knowledge of the subject, having talked daily to those around her in her sixth form—that

"with fees rising and EMA being cut, people will leave school at 16".

She also went on to say:

"as a...former Lib Dem supporter I will think twice about voting for the party when we get a chance. More so if Nick Clegg represents them."

We Labour Members know that many Lib Dem Members—and, indeed, some Conservative Members—share our concerns about the abolition of EMA, just as they shared our concerns about tuition fees, but instead of angsting, and turning to principled abstention or regretful support of the Government's proposals, they should use this opportunity to join us in calling on the Government to rethink their decision on EMA.

6.6 pm

Ms Margaret Ritchie (South Down) (SDLP): The Government's website, Directgov, states:

"If you are struggling with the costs of learning speak to student services at your school, college or training provider about financial support you may be able to get."

[Ms Margaret Ritchie]

However, we are here to discuss the removal of this benefit—a benefit designed to help those whom the Government recognise as struggling, and designed to encourage young people and assist them with education and access to training.

The motion recognises the different situation in devolved Administrations, but it would be naive to think that the removal of EMA here will not have an effect in Northern Ireland, just as the recent increase in student tuition fees had an effect there. Indeed, my understanding is that the appropriate Department in Northern Ireland is considering introducing further restrictions on the provision of EMA in Northern Ireland, and perhaps even abolishing it. That is all the more likely given the Treasury's recent removal of end-of-year flexibility, which places an even greater strain on the Department in Northern Ireland, and on the Department for Education.

The withdrawal of EMA comes on the back of the decision to increase student fees. It would appear that the coalition Government are adopting an education policy for the well-heeled, and ensuring that from an early age the less well-off are unable to participate in further and higher education. A few weeks ago, this Government made it impossible for many to attend university in future years, and today they will make it impossible for many who live in disadvantaged areas to take the first step on the further and higher education ladder.

Given the particular historical lack of access to further education for the poorest sections of society in Northern Ireland, we must do all we can to protect EMA and access to education and training opportunities, which offer vital help to those most in need of it. That will lessen the number of people who are economically inactive and ensure that more have access to educational opportunities.

In 2009-10, nearly 24,000 students were in receipt of EMA in Northern Ireland. That figure increased this year, but there have been smaller numbers in previous years. However, those figures are not the full story. There are a large number of students who depend on the provision, and for whom it has an integral bearing on their decision to apply for further education and to stay in further education once there. It gives them a sense of stability. The recent survey conducted by the University and Colleges Union and the Association of Colleges found that seven out of 10 students felt they would have to drop out of their course if EMA was withdrawn, and nearly two fifths stated that they would not have started their course without the provision of the grant.

There are many students in my constituency in Northern Ireland who have written to me declaring their opposition to the withdrawal of EMA here in Britain, because it is their fear that a similar path will be followed in Northern Ireland. This is the wrong direction to go, because it penalises, deprives and ensures that those who need that path to education and training will not have it. My party and I will support the Labour motion this evening and oppose the amendment.

6.11 pm

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): In his speech at the beginning of the debate, the Secretary of State suggested that the Opposition have only one answer to the questions that we are addressing in this discussion, and that that answer is the education maintenance allowance. The hon. Member for Blackpool North and Cleveleys (Paul Maynard), who is not in his place, suggested that we were arguing that that was a magic wand. Another Member on the Government Benches suggested that the Opposition's view was that all we needed to do was to throw money at the problem.

The education maintenance allowance was one of a set of reforms that Labour introduced in government, with the objective of closing the achievement gap between the richest and poorest and supporting those who have not traditionally participated in education to do so. That is why we invested extra money in schools, including the academies programme, and it is why the Labour Government were the first to give support to the excellent Teach First programme, to which the Secretary of State referred. It is why we introduced the 14 to 19 diplomas, and why we focused on literacy and numeracy in primary schools. I could go on.

We are not talking only about money. We are talking also about reform and improvement in our schools, with a focus on teaching and learning. The argument has been made strongly from the Opposition Benches and by some Members on the Government Benches about the increased participation that EMA has enabled, particularly for those from the poorest backgrounds. But, as my hon. Friend the Member for Wigan (Lisa Nandy) said, it was never just about increasing participation.

EMA was also about increasing the attendance of those in that age group attending school or in further education. It meant that people were not forced to work while they were studying, so that they would have more time to study. Importantly, it was about getting better qualifications while studying in that age group so that more young people from those backgrounds got the opportunity to go on to higher education. It remains the case that not enough young people are getting that chance, but the numbers doubled in the poorest cohort while Labour was in power. That progress was in large part due to the education maintenance allowance.

EMA is crucial in Liverpool. More than 7,000 young learners benefit from it. Shortly before Christmas I had the opportunity to visit Liverpool community college and meet young people, who told me that they would not be there studying both academic and vocational courses if it were not for the education maintenance allowance. Maureen Mellor, the principal of the college, has written to all the Liverpool MPs to say that there is now great uncertainty for next year. She wrote:

"It is difficult to plan . . . or to reassure current and prospective students."

One of the schools in my constituency, St John Bosco, is an outstanding school. It is in Croxteth, one of the most deprived wards in Liverpool. Two thirds of the sixth-formers at this outstanding girls' Catholic school are on EMA. Anne Pontifex, the head of the school, said to me this week:

"The removal of EMA may also mean students having to take up additional part-time employment. This will result in many students not giving studies the time and energy required."

I have no problem with an evidence-based review of EMA. The problem is that the Government have already decided to make an 85% cut in the funds that are available. All of the wonderful alternatives that Government

Members have referred to would be funded out of 15% of the money that is currently available. The Government have decided to abolish EMA first and then have a discussion about the alternatives. Yes, let us have a discussion about what the alternatives might be, but let us make that decision first and then see where we go, rather than in the order that the Government propose.

The Government have talked about all of us being in this together. They have talked about deficit reduction and the need for fairness. There is no fairness in this 85% cut represented by the abolition of EMA. It will hit the poorest parts of the country hardest. It will hit the poorest people in the poorest parts of the country hardest, and once again it is another cut from the Government that will hit young people and children harder than the rest of the population.

We have heard some thoughtful speeches from some Conservative and Liberal Democrat Members. I would appeal to them to follow the logic of their speeches and join us in the Lobby, and I would appeal to the Government to think again because the cut could cause great social and economic damage, undermine their stated intent to promote social mobility, and further widen the achievement gap between the poorest and the richest in this country.

Several hon. Members *rose—*

Mr Deputy Speaker: Order. I will say it one more time. If hon. Members show restraint, more will get in. If not, they simply will not.

6.16 pm

Paul Goggins (Wythenshawe and Sale East) (Lab): In 1997, the year I was first elected to Parliament, there were two high schools in my constituency where less than 10% of pupils got five GCSE passes. That is not five A to C grade passes; that is five simple passes. It was absolutely crystal clear that two decades of unremitting unemployment and poverty had created a mood of low expectation and a complete collapse in confidence and aspiration. If it is true that it takes quite a while to begin to change that mindset and culture, it is equally true, as my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett) said earlier, that the efforts that have been made in the years since have made a real difference.

Many of my right hon. and hon. Friends have evidenced that in their speeches this afternoon. The Sure Start centres have clearly been a major step forward, as have the four brand new high schools built under Building Schools for the Future in my constituency in the last few years. There is also the determination of many teachers to ensure that young people get the right message and build up that confidence and pride. All of that together has made a real difference. There is still a long way to go. Certainly in schools in my constituency and throughout the Manchester area in particular, there is still room for huge improvements to be made, and I support the schools in my constituency when they are making those efforts, but the direction of travel is the right one.

In trying to sustain this educational improvement, it is crucial that we encourage all our young people to stay on at 16. It has therefore been a welcome development that The Manchester college has opened a new campus in the Benchill area of my constituency, one of the most disadvantaged parts of it, for sixth-formers. In the first phase of the college, 180 students have enrolled this year, and it is hoped that 800 will enrol in September next year. Of those students, 85% receive EMA at the moment. If we roll together the students at The Manchester college and those at Trafford college, where many of my constituents also go, we are talking about £4.6 million a year being taken away from those students and their families. This really is the grotesque nature of the decision, which makes it an even worse decision than the decision about tuition fees. That is an issue about the future and about debt, and that is serious enough, but this is about real cash now. It is £4.6 million taken out of the pockets and purses of the poorest families in my constituency and elsewhere in the Manchester area, and it is wholly and utterly unacceptable.

We know that EMA has made a real difference in terms of retention, attendance and achievement. For example, The Manchester college tells me that in 2003, one in five 16 and 17-year-olds left quoting financial problems as their reason for leaving. Last year, that was one in 20. That is substantial evidence of the real impact of EMA.

Loreto college, which my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) mentioned, last year sent three EMA students to Oxbridge. This year, three in the upper sixth form are destined for Oxbridge and 25 in the lower sixth form intend to apply, two of whom claim EMA and live in my constituency. Like many other Members, I have met and talked with students in my constituency and am impressed by their confidence and aspiration. They all talk about the practical difference that EMA makes, as with it they can buy an £11 Megarider bus ticket and the equipment that they need to get their qualifications and move into work. Some of them said that they would not continue their courses if they lost EMA, and those who would carry on said that they would have to do more part-time work and that they would not focus as well on their studies or do as well as they otherwise might. All of them felt guilty about the fact that if they had to take more money from their families, who are not well off, their brothers and sisters would suffer as a result.

I will close by quoting an e-mail that I received yesterday from a young constituent. For me, it says it all, so I hope that the Minister will respond to it in his winding-up speech:

> "I'm 17 years old and...receive full EMA. Why do I receive it? Because there isn't enough income in my house. Why isn't there? Because my parents didn't go to college."

He is trying to change that cycle, yet the Government are taking the ladder away from underneath him.

6.21 pm

Emily Thornberry (Islington South and Finsbury) (Lab): City and Islington college in my constituency is a great college: Ofsted believes so and gave it a Beacon award for excellence in 2005. Perhaps more importantly, young people in north and east London know it to be a great college, which is why they go there if they get half a chance. On Monday, I went along to the college to speak with eight politics students. I asked them about their backgrounds. By coincidence, six of them had received free school dinners when at secondary school. I

[Emily Thornberry]

asked them about EMA and the effect that the cut would have on them. They were a cross-section of the college. Henry, a sixth-former currently taking his A2s, wants to be a pilot. He works hard, has good grades and sits on the college board. Because of his efforts he was offered an assessment day at Oxford aviation academy, which is the best place in the world to become a pilot, but how did he pay the fare to get there? He paid with his EMA.

Asheen is from Leyton and comes to City and Islington college because, as I have said, it is one of the best colleges around. She does not travel by bus because they are unreliable at that time in the morning, so she needs to go by train and, lo and behold, needs her EMA to do so. Ismail is studying computer science and relies on his EMA to pay for his core textbooks. The "Learning Java" textbook, which is absolutely necessary for his course, costs £30. He cannot rely on his parents to be able to pay for it, so how would a boy from his background be able to pay without his EMA? Those are real students at the City and Islington college who will have their EMA taken away. Zaynab is doing four A-levels and is also one of the children who received free school dinners.

Charlotte Leslie: Will the hon. Lady give way?

Emily Thornberry: No, I will not give way.

Zaynab must spend £20 a week on travel. She said:

"The Government says that we should eat healthily, but how are we supposed to do that? It comes at a price."

If she spends £25 a week on food and £20 on travel, how does she pay for her textbooks? How much does she need EMA? She needs it strongly, yet the Government are about to take it away. Those are illustrations of real children at colleges in Islington, and they show that the Government are completely detached from reality. I am pleased to have heard from the Secretary of State that he will visit City and Islington college and I can assure him that we will hold him to that promise—we have a reputation for determination and single-mindedness in my area, which he will see when he visits.

The Government's amendment to the motion states blithely that they are committed to

"working with young people, schools and colleges and others…on arrangements for supporting students in further education and improving access to, enthusiasm for and participation in further and higher education."

That sounds good, but why are they cutting entitlement funding? We will also want to talk with the Secretary of State about that. Entitlement funding allows the kids at City and Islington college the sort of help that they really need, such as one-to-one tuition, or having someone sit down and help them sort out UCAS forms. It allows them to be taken to see colleges and the sort of work that they might be able to do. It allows trips to the theatre or places related to their courses. Those students are here today and have sat upstairs doggedly throughout the debate. That is the sort of entitlement and enrichment that my college gets, and I am proud of it. When the Secretary of State comes to visit City and Islington college, he will be proud of it too. If he comes with an open mind, he will change his mind.

6.24 pm

Frank Dobson (Holborn and St Pancras) (Lab): I take personally this proposal to abolish the education maintenance allowance, because I can remember being utterly skint between the ages of 16 and 19, as my dad died at about the time that I was doing my O-levels. My mother was determined that I should stay on at school, so she went out to work again, but my situation was also eased by a small grant that I received from the then East Riding county council, which, I have to say in fairness, was Tory-controlled.

That small grant made a huge difference to me. The few extra bob that I received meant that, as a sixth-former, I could play a normal part in sixth-form activities, and I did not feel left out or as much of a burden on my mother as I might have felt. I am sure that the same applies to many young people who receive EMA now, because they are simply able to play a full part in growing up and going to college.

Some people seem to think that EMA is a social payment, but it is not. If a student does English literature, they will probably want to go to the theatre, but they have to pay to do so. If they do music they might want to buy—or these days, rent—an instrument, or go to a concert. That is a vital part of education, and EMA rightly makes its contribution. If a student studies civil engineering, they might want to go on a visit to see some great tunnelling equipment somewhere, but they have to pay. The EMA makes a contribution to such things, and students are able to function like everybody else; they are not regarded as poor relations.

Young people do not want to be a burden on their parent or parents, or on their sisters and brothers; and they do not want to diminish their family's status by reducing them to poverty after taking too much money in order to continue going to college. We have about 1,750 such young people in my constituency. Many go to Camden's excellent schools, but quite a lot do NVQs and other vocational courses at King's Cross construction skills centre, the Working Men's college, Camden Jobtrain—where literally 100% of young people receive EMA—and Camden Itec. All those young people work hard to better themselves—the sort of thing that Mrs Thatcher used to go on about endlessly. They are doing exactly what she would have wanted and are the epitome of aspiration, so to end EMA for such people is to kick them in the teeth. It will leave them with a stark contrast. They are being kicked in the teeth, but they see billionaire bankers and tax avoiders and hear millionaire Cabinet Ministers prating on about them being a dead-weight—a dead-weight.

There is a real danger, not just for the Tories and the Liberal Democrats but for our whole society, that we will turn those young people from aspiration to alienation, which will be very damaging. So, we are not just concerned about the people who might drop out, although that would be bad. We should also be concerned because if we get rid of EMA we will impoverish not just those young people who manage to stay on despite its disappearance, but many of their families at the same time. The Government and the people supporting them should be ashamed of themselves.

6.29 pm

Angela Smith (Penistone and Stocksbridge) (Lab): I am pleased to be able to contribute to this debate in the

context of a series of attacks by the Government on young people and their aspirations. The Government's policy on EMA represents a particularly dangerous attack on young people, because over the past few years the allowance has acted as an incentive—a really effective intervention—at a key stage in life, encouraging young people to stay on at college to gain the necessary skills to succeed in an increasingly competitive labour market.

As an incentive, EMA has been effective. Contrary to what Government Members have said, participation rates have increased by more than 7% for young women students and more than 5% for young males. Research is unequivocal in indicating that the allowance has reduced the drop-out rate by more than 5%. As somebody who worked in FE for more than 10 years as a lecturer, I know that that key statistic means everything in terms of the chances of young people succeeding not only at college but in life.

It is therefore astounding that the Government have even thought about axing £500 million from the EMA budget. As my hon. Friend the Member for Liverpool, West Derby (Stephen Twigg) said, that is a massive 85% cut in funding support for young people. It is on a par with other cuts to Government funding and support for higher education, which is why Labour Members feel so strongly that this Government are determined to focus all their attacks on public spending on young people.

Charlotte Leslie: Will the hon. Lady give way?

Angela Smith: I will not.

The impact on my constituency will be particularly stark. Just under 60% of young people who attend Barnsley college receive full EMA, and more than 30% of those students have indicated in an independent survey that they would not have started their courses had EMA not been available. Much was said by my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett) and my hon. Friend the Member for Sheffield Central (Paul Blomfield) about the story relating to Sheffield. All I would add is that in the last academic year the success rate for students receiving EMA at Sheffield college was 79%—5% higher than for those who were not receiving it. If ever a statistic outlined the importance of this allowance, that is it.

If Government Members do not want to listen to my arguments, perhaps they would like to listen to my constituent Steve Hanstock, who tells me that his son Tim would not have been able to access full-time higher education post-16 had he not received EMA. A female student from Sheffield college has just gained a place at the university of Sheffield. She is adamant that she would have pursued her studies without EMA—I admit that—but she is clear that it enabled her to complete her course, alongside a relatively small amount of part-time work. The allowance enabled her to concentrate her mind on her studies in order to achieve her remarkable success. That underlines the experience that I had as a lecturer when I had to deal with students coming to college in the morning unable to study or participate in class because they had done a night shift at Tesco. That is exactly why EMA is such an important allowance—it enables students to focus on achievement and not to have to worry about whether they can buy the books, get to college or feed themselves.

I want to refer to some of the statistics bandied about by the Government. The right hon. Member for Sheffield, Hallam (Mr Clegg) and a Conservative MP have sent literature to their constituents stating that EMA costs £924 million and that only 400 more students on free school meals have accessed further education than would have been the case without the allowance. Those stats are wrong. The figure for free school meals students staying on in education is 10,000 and the reduction in the budget is £580 million. The Association of Colleges is very perturbed by the use of these stats by MPs in these letters. It says that they are wildly inaccurate and should not have been used without being properly sourced. The Government are pulling the wool over our constituents' eyes.

Several hon. Members *rose*—

Mr Speaker: Order. A number of Members are still seeking to catch my eye, but there are fewer than six minutes to go.

6.34 pm

Jim Shannon (Strangford) (DUP): I support the motion tabled by the Labour party. All hon. Members are aware of the reasons for the introduction of education maintenance allowance. It was set up to encourage young adults to stay at school. If we change it, we will reduce its impact and discourage the people who need it from continuing in education. It was created to give people an incentive not to give up on school just because their part-time job—if they could get one—offered them only some of the money that they needed. It was created to help families that could not afford bus fares or lunches, and to ensure that children could stay on at school if that was their desire.

I wholeheartedly support EMA, and I put that on record. I have seen its importance in my constituency. Although I understand that it is a devolved matter in Northern Ireland, it is clear from the parents and students I have met that EMA is critical to the students for continuing their schooling and education. That cannot be ignored. I am here to support the 16 to 18-year-olds who clearly would not be able to remain in education and continue their studies if they did not have this help. Members from across the Chamber have recorded the issues in their constituencies, and those are replicated across the United Kingdom—in Northern Ireland and further afield.

An interesting report by the Association of Colleges states:

> "Whilst we understand that the Department is taking action to protect institutions from the full effect of this budget cut in 2011-12 through the use of a safety net which limits the cuts to 3% there is concern in Colleges at the scale of the cut over the next four years which will remove £500 million from the education of young people."

That £500 million, which has also been quoted as £555 million, should certainly be there to encourage those who would love to stay in education, but are restricted in their ability to do so by the lack of money.

I will give an example from my area that illustrates the situation across the United Kingdom. I asked the chief executive of South Eastern regional college, in Newtownards in Strangford, for figures that would enable a greater understanding of the difference that

[Jim Shannon]

EMA makes to disadvantaged students. Many Members have indicated the number of students who will be affected by the change. In my area in Northern Ireland, it will impact on 1,708 students who need EMA to continue their education. The people who will be affected the most are the most deprived people in the community, who represent almost 50% of those students. Only 30% of the students in that group are affluent, and it could be argued that they could pay, but that leaves 70% of the students who cannot continue without EMA. It is clear from those figures that EMA has encouraged those in disadvantaged areas to stay in education. The evidence is clearly there. I have read the Association of Colleges report and visited the Save EMA website, and it is clear that those are not local figures found just in Strangford and Northern Ireland; they are found across the United Kingdom. I have read some touching stories and have spoken to pupils with a real desire to learn who rely heavily on EMA to continue learning.

There is an indication that the learner support fund that is administered by colleges and school sixth forms will receive additional money. However, the amount of funding is not clear. Until that is clear, we have to try to understand how the system works. My fear, as the MP for Strangford, and that of a great many Members, particularly on the Opposition Benches—in fairness, it exists on the Government Benches too—is that if the coalition are not careful they will create a generation of young people who feel disadvantaged, and perhaps even abandoned. As was said earlier, there will be a lost generation if we are not careful, and a generation that feels angry. What can we do to stop that happening? It must be inherent in any strategy on child poverty that young people are educated and have an opportunity to stay in education to escape the poverty trap.

Claus Moser, a German-born British academic, who was once a warden of Oxford, said:

"Education costs money, but then so does ignorance."

I urge the coalition to go back to its doctrine of last year, under which it supported EMA. It should help to raise a generation of educated British young people—experts in academic and practical fields—and not foster people who have no proper outlet for their energy. I support the motion and urge all hon. Members to do the same.

Several hon. Members *rose—*

Mr Speaker: Order. I am sorry not to be able to call any more Back Benchers, but we must move on to the winding-up speeches.

6.39 pm

Mr Iain Wright (Hartlepool) (Lab): This has been an important and good-quality debate, characterised by knowledge, determination and passion. It has been crowded and busy, with many more Members wishing to catch your eye, Mr Speaker, than have been able to speak. That reflects the importance of the matter and is a sign of the intrinsic unfairness that hon. Members and people outside see in the Government's decision to scrap EMA. It reflects the number of young people who benefit from it who feel angry, betrayed and let down by the Government's broken promises.

The Government's approach to EMA, like their record throughout their education policy so far, is a curious mix of ideological zeal and simply making it up as they go along. On the one hand, their rhetoric is that they are keen to help young people to raise their ambitions and break down social, cultural and economic barriers to help them succeed. The whole House could agree with that, but on the other hand, as hon. Members have exposed time and again in the debate, the Government have disregarded clear evidence and gone back on their promises by scrapping one of the most successful policy interventions for decades in helping to achieve fairness.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): Will my hon. Friend give way?

Mr Wright: Very briefly, as I am short of time.

Mr Bailey: Since EMA was introduced in my local authority area of Sandwell, the number of students getting A-levels has doubled and the number of students from my constituency going to university has increased by 78%. Does my hon. Friend agree that those statistics underline the importance of the matter?

Mr Wright: Absolutely, and I shall come in a moment to how young people have benefited from impressive ways of raising attainment, encouraging increased participation and encouraging better behaviour.

I wish to take the House back to the points that the Minister of State, Department for Education, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb), made in June. As has been mentioned a number of times, he confirmed categorically in the House that the Government were committed to retaining EMA. A matter of weeks later, they scrapped it. I have to ask, is anybody in charge at the Department for Education? Does anybody have a clue what is going on there? What utter incompetence!

The justification for scrapping EMA keeps moving, from "It hasn't been successful" to "Its impact has been limited" to "It hasn't been an effective use of public money." I suggest that the Government simply fail to recognise the improving life chances that it has provided. It has been a success, as my hon. Friend the Member for West Bromwich West (Mr Bailey) has just mentioned and as many other Members have said. It has started to break down the link between participation and success in further education and household income, as my hon. Friends the Members for Huddersfield (Mr Sheerman) and for Gateshead (Ian Mearns) said.

For far too long, there has been a direct correlation between post-16 participation rates in education and household income. Frankly, moving on from school to the sixth form or an FE college depended not on whether a person was bright enough but on what their parents earned and where they lived. We have started to break that link with EMA. It has been subject to one of the most extensive and robust evaluations of any education policy ever undertaken in England, begun and presided over by my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett). He made a fantastic contribution to the debate, and I thank him for the points that he made.

An evaluation by Ipsos MORI concluded that the majority of providers believed that EMA had been effective in reducing the number of NEETs, increasing

learners' attainment and having a positive impact on their attendance and punctuality. It has raised participation by about 5% and attainment by about 3%, and the Government seem to acknowledge that. In a ministerial answer in another place in July, the Under-Secretary Lord Hill acknowledged that

"the monetised benefits of EMA outweighed the costs". —[*Official Report, House of Lords*, 13 July 2010; Vol. 720, c. WA118.]

Sadly, the Secretary of State did not acknowledge that today.

We heard from the Secretary of State an elegant, articulate and incorrect argument about the economic picture. We heard about academies, free schools, the English baccalaureate—everything, in fact, except EMA. I seem to recall that it took 19 minutes for those letters to pass his lips. Frankly, we saw alarming mood swings in him. It got to a point where we were really quite concerned about his behaviour. He had a bit of a hissy fit—a bit of a moment. It got to the point where the hon. Member for Wycombe (Steve Baker) said that it was slightly unfair of the Opposition to hold the Government to account.

The Secretary of State rather lost control, just as he has lost control of his Department. Given his comments before the general election and the comments of the Minister of State, the hon. Member for Bognor Regis and Littlehampton, in June, to which I alluded—he committed to retaining EMA—what has the Chancellor done to wreck the economy that means they have to go back on their word? The Secretary of State said this afternoon that to govern is to choose, and that to choose is to prioritise, but it is very clear from his remarks that young people—or children, as he patronisingly referred to 16, 17 and 18-year-olds—are not the Government's priority.

The Secretary of State made encouraging noises. He acknowledged that greater flexibility is needed in the system, and spoke of individual circumstances, courses that might be selected, rural areas and travel costs. The Opposition are keen to work with him to look at the matter again. However, I was surprised and shocked when in one of his more surreal, bizarre and psychedelic moments, he urged the good people of Hull to vote Liberal Democrat. That is a worrying trend among senior members of the Government. We saw it in Oldham East and Saddleworth. We look forward to the formal merger of the Conservatives and Lib Dems—or is it a takeover of the Conservatives by the Lib Dems?

Moving away from the Secretary of State's more psychedelic moments, let me go back to his point about flexibility in the system. I agree with him that more flexibility is needed, but by introducing more flexibility, he runs the risk of making the system more complex, more bureaucratic and therefore more expensive.

Michael Gove *rose—*

Mr Wright: I am more than happy to give way to the right hon. Gentleman—I just hope that he does not have a hissy fit. I hope that we see the nice Mr Gove, not the nasty one.

Michael Gove: I am enjoying the hon. Gentleman's speech—I am loving it—but in the four minutes remaining to him, will he answer the question that the right hon. Member for Leigh (Andy Burnham) conspicuously failed to answer? If he acknowledges that fewer people should receive EMA and that less money should be spent, will he say how many fewer people and how much less money? Until he can answer those questions—*[Interruption.]* I see that the hon. Member for Cardiff West (Kevin Brennan) has his own suggestion. As they say on "University Challenge", "No conferring; answers please."

Mr Wright: When I was a Minister in the Department for Children, Schools and Families, difficult decisions were made with regard to the £100 bonus that students received. We are prepared to talk about this. We want to ensure that we have the best possible system, but frankly, we cannot reduce a scheme of £600 million to around £50 million without a devastating impact on many communities, which was mentioned many times, including by my hon. Friends the Members for Halton (Derek Twigg) and for Huddersfield.

My hon. Friend the Member for West Ham (Lyn Brown) made a very passionate speech, as she is prone to do in this Chamber, mentioning Newham sixth-form college, which I have visited. My hon. Friend the Member for Wigan (Lisa Nandy), who has always stood up for her constituents and particularly for young people, highlighted the poverty of ambition that the Government's decision produces. She also said that EMA is a something-for-something initiative, because students sign a contract and are bound by certain conditions in respect of attendance, punctuality and behaviour, which is an important point.

It was nice to see a number of my hon. Friends from the north-east. My hon. Friend the Member for Darlington (Mrs Chapman) mentioned Queen Elizabeth sixth-form college and Darlington college. In a former life, I audited those colleges, for my sins. My hon. Friend the Member for Gateshead told how in his part of the world—I think I audited Gateshead college too—EMA changed the landscape of ambition with regard to staying on, which my right hon. Friend the Member for Wythenshawe and Sale East (Paul Goggins) also mentioned.

My hon. Friend the Member for Leyton and Wanstead (John Cryer) mentioned the stance of the Liberal Democrats. Although they are taking over the Conservative party—as we heard from the Secretary of State—they have an important decision to make, as they did on tuition fees. The right hon. Member for Bermondsey and Old Southwark (Simon Hughes) said that he is willing to work to ensure that we have the best possible system and that it is adequately funded, as the Opposition are. The Government need to think again. He is quoted in *The Times Educational Supplement* as saying:

"If what Labour is saying is a call for the government to rethink its plans, I will support that. There's some careful brokering to do."

I absolutely agree with that, and I hope that he walks with us through the Lobby tonight.

Simon Hughes: The hon. Gentleman knows that I respect him and value his judgment. I have been working with his colleagues openly, and with Ministers, and I think that the Government's amendment shows, as the Minister will say in a minute, that they are rethinking what they are doing, and that they are committed to trying to come up with a decent replacement. We will see whether we can deliver that, but I will try to do so, and I hope the shadow Minister will work with us.

Mr Wright: I greatly respect the right hon. Gentleman, but I am disappointed by his response and I hope he does not suffer too much from the spelks in his backside that he will have from sitting on the fence. The good people of Bermondsey and Southwark, and every single young person in the country, deserve better than that, and I hope we can work together in a consensual way.

The sudden scrapping of EMA, together with the trebling of tuition fees and the abolition of the future jobs fund, constitutes a systematic assault on young people. On the day it was announced that the number of unemployed young people had risen again to reach its highest level since records began 20 years ago, it is clear that the Government have nothing to offer young people. Because of the Government's decisions and actions, there is a risk of a lost generation of unfulfilled potential, undeveloped talent and missed opportunities. We will be paying the social and economic price for this short-sighted decision for decades to come.

I ask the Secretary of State and the Minister not to make the same mistakes they made with Building Schools for the Future and the school sports partnerships. Botched decisions, and a care-free attitude to the facts and the proper procedures of government, have all led to humiliation for the Secretary of State. I say to him, on behalf of 600,000 young people: please listen to advice, think again and retain the education maintenance allowance.

6.51 pm

The Minister of State, Department for Education (Mr Nick Gibb): We have had a good debate on EMA, and by and large—there were one or two exceptions—a well-tempered one. There were excellent speeches by my hon. Friends the Members for Wycombe (Steve Baker), for Blackpool North and Cleveleys (Paul Maynard), for Nuneaton (Mr Jones), for Morecambe and Lunesdale (David Morris), for Stratford-on-Avon (Nadhim Zahawi), for Wells (Tessa Munt), for South West Norfolk (Elizabeth Truss), for Croydon Central (Gavin Barwell) and for Beverley and Holderness (Mr Stuart). There were also passionate but temperate speeches by the hon. Members for Wigan (Lisa Nandy) and for Westminster North (Ms Buck) and the right hon. Member for Sheffield, Brightside and Hillsborough (Mr Blunkett).

I listened carefully to the speeches of the right hon. Gentleman and the hon. Member for Hartlepool (Mr Wright). It is easy to oppose a cut in spending programmes. I was in opposition for 13 years and know that it is always tempting for an Opposition to back a campaign and jump on the proverbial bandwagon, but as every accountant knows, wherever there is a credit there has to be a debit. If hon. Members oppose the ending of a half-a-billion pound spending programme, they would have to find that money from elsewhere, but not a single one of the 20 Labour Members who spoke said which cuts they would make to fund that spending commitment.

Mr Blunkett: As a matter of fact, I did make an alternative proposition, which might not be universally welcomed by my party colleagues, which was that post-16 child benefit should be assessable for tax purposes.

Mr Gibb: That is the first of Labour's policies to be put on to its blank sheet of paper; no doubt it will be one element in its debate.

The question for the Opposition is this: would they take this money from the schools budget?

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab) *rose—*

Mr Gibb: I will not give way now, as the speech by the hon. Gentleman's Front-Bench colleague, the hon. Member for Hartlepool, went over time slightly.

We have been determined to protect the money that goes to schools and the front line, and we have managed to ensure that school funding is protected in cash terms and will rise to cover increases in pupil numbers.

Perhaps the Opposition are arguing that there should be no cuts elsewhere, however. Perhaps they are arguing that they would cut the deficit more slowly, and allow it to remain a little longer—another half a billion pounds here, another billion there—so ensuring that we continue to pay enormous interest charges, which now stand at £120 million every day. That could be the Labour party's approach: challenging the capital markets and calling the bluff of the people who invest the pension funds in sovereign debt to pull the plug or downgrade Britain's credit rating.

That is not a risk that the coalition Government are prepared to take. Greece provides an example from not too far away, and Ireland is nearer still. We are not prepared to risk this country's future. We are not prepared to plunge Britain into a currency and debt crisis, and we are not prepared to delay our economic recovery by failing to take the action that is necessary to get the public finances back under control. If we were to do so, young people—the people whom the Opposition purport to be representing today—would bear the brunt of the consequences of this failure. It is young people who suffer when companies freeze recruitment, and it is ensuring that our recovery happens sooner rather than later that lies at the heart of every difficult decision on spending taken by every Minister in this Government.

The overriding tenet of the coalition Government is to close the attainment gap between those from the poorest backgrounds and those from the wealthiest, so in making these changes to EMA we have been determined to ensure that no student is prevented from staying on in education because of genuine financial hardship. The hon. Member for Wigan made a passionate and thoughtful speech, but all her arguments can and will be addressed by the replacement support that we intend to put in place. It is wrong to undermine the research that was commissioned by the last Labour Government and carried out by the highly respectable National Foundation for Educational Research. It had a representative sample size of more than 2,000.

Nic Dakin (Scunthorpe) (Lab) *rose—*

Mr Gibb: I will not give way.

We are targeting some of the savings from EMA to those young people who the NFER survey showed might not have stayed in education but for EMA.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): Will the Minister give way?

Mr Gibb: I will not.

At the moment, EMA is paid to 45% of all 16 to 18-year-olds who stay on in education. That is not a properly targeted system and it is an inefficient use of taxpayers' money in the current economic climate. Our intention is to focus resources on those in real financial hardship to ensure that every young person can continue their education. We are consulting the Association of Colleges, the National Union of Students, the Sutton Trust, my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes), and college principals and others to work out the best way to use those funds.

We are putting in place measures to ensure that the least well-off receive the support they need to stay in education, and the determination of the coalition Government to close the attainment gap between those from the wealthiest backgrounds and those from the poorest lies at the heart of all our education policies. That is why we are focusing on raising standards of behaviour in our schools; it is why we are tackling reading and literacy in primary schools; it is why we have introduced the baccalaureate to ensure that more children receive a broad education; it is why we are expanding the academies programme and free schools, particularly in deprived areas; and it is why we have introduced the pupil premium.

Tom Blenkinsop *rose—*

Mr Gibb: I will not give way.

My hon. Friend the Member for Mid Dorset and North Poole (Annette Brooke) made a thoughtful and constructive speech, reflecting her expertise and passion. Her comments about the most vulnerable and disadvantaged students were right. She said that some groups have to be protected come what may, and they will be. It is precisely those groups that we intend to target with our support fund.

My hon. Friend the Member for North Cornwall (Dan Rogerson) was right when he called for support for poorer students and said that we need to work with local authorities on their transport duties. He asked a number of questions, and I can tell him that we are working with other Departments, particularly the Department for Business, Innovation and Skills and the Department for Transport. I take on board his point about the lack of timely scheduled transport in rural areas. He is also right to ask about young carers, looked-after children and young people, because they are some of the very vulnerable groups that we are particularly concerned about. Many other hon. Members also raised the issue of student transport costs, and we are going to build those into the discretionary part of the support fund.

The Government have a duty to tackle this country's record budget deficit, which is the largest in the G20.

Ms Rosie Winterton (Doncaster Central) (Lab) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Question put accordingly (Standing Order No. 31(2)), That the original words stand part of the Question.

The House divided: Ayes 258, Noes 317.

Division No. 176] **[6.59 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Dr Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa

Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leech, Mr John
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Sutcliffe, Mr Gerry
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Ward, Mr David
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Mark Tami and
Mr David Anderson

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Andrew, Stuart
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Bridgen, Andrew
Brine, Mr Steve
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Byles, Dan
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gibb, Mr Nick
Gilbert, Stephen
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris

Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leslie, Charlotte
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Shailesh Vara and Mark Hunter

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)).
That the proposed words be there added.

The House divided: Ayes 319, Noes 256.

Division No. 177] **[7.15 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Andrew, Stuart
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Beub, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Bridgen, Andrew
Brine, Mr Steve
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Byles, Dan
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
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Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Dunne, Mr Philip
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Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
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Fuller, Richard
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Garnier, Mr Edward
Garnier, Mark
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Goldsmith, Zac

Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
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Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
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Harper, Mr Mark
Harrington, Richard
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Hart, Simon
Harvey, Nick
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Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mark Hunter and Jeremy Wright

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Dr Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony

Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Sutcliffe, Mr Gerry
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Mark Tami and
Mr David Anderson

Question accordingly agreed to.

The Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House believes in full participation in education and training for young people up to the age of 18 and considers that support must be in place to allow those who face the greatest barriers to participation to access this opportunity; notes that the previous Government left this country with one of the largest budget deficits in the world and that savings have had to be made in order to avoid burdening future generations; further notes that the Government has increased funding for deprivation within the 16 to 19 budget and has already begun to replace the current education maintenance allowance system with more targeted support for those who face genuine barriers, including travel; and commits the Government to working with young people, schools and colleges and others outside and inside Parliament on arrangements for supporting students in further education and on improving access to, enthusiasm for and participation in further and higher education.

DEFERRED DIVISIONS

Motion made, and Question put forthwith (Standing Order No. 41A(3)).

That, at this day's sitting, Standing Order No. 41A (Deferred divisions) shall not apply to the Motion in the name of Secretary Theresa May relating to Prevention and Suppression of Terrorism.—*(Mr Francois.)*

Question agreed to.

Prevention and Suppression of Terrorism

7.28 pm

The Minister for Immigration (Damian Green): I beg to move,

That the draft Terrorism Act 2000 (Proscribed Organisations) (Amendment) Order 2011, which was laid before this House on 17 January, be approved.

There remains a severe and sustained terrorist threat to the UK and its interests abroad. The Government are determined to do all that they can to minimise this threat. Proscription of terrorist organisations is an important part of the Government's strategy to tackle terrorist activities. We would therefore like to add the organisation Tehrik-e Taliban Pakistan—the TTP—to the list of 46 international terrorist organisations that are listed under schedule 2 of the Terrorism Act 2000. This is the ninth proscription order amending schedule 2 to that Act.

Section 3 of the Terrorism Act 2000 provides a power for the Home Secretary to proscribe an organisation if she believes it is concerned in terrorism. The Act specifies that an organisation is concerned in terrorism if it commits or participates in acts of terrorism, prepares for terrorism, promotes or encourages terrorism—that includes the unlawful glorification of terrorism—or is otherwise concerned in terrorism. The Home Secretary may proscribe an organisation only if she believes it is concerned in terrorism. If the test is met, she may, at her discretion, proscribe the organisation. In considering whether to exercise this discretion, she takes into account a number of factors, which were announced to Parliament during the passage of the Terrorism Bill in 2000.

Jeremy Corbyn (Islington North) (Lab): It is not on the particular organisation that I want to intervene, but as I understand it, the debate is restricted to that organisation. Can the Minister tell us whether he has any plans to review any other organisations that are on the list, such as those representing the Kurdish and Tamil communities, as a way of promoting political dialogue and discourse to bring about peaceful resolutions to conflict, rather than people resorting to violence?

Damian Green: I am grateful to the hon. Gentleman for that intervention. He will understand that, for obvious reasons, it is not the Government's policy, and never has been the policy under any Government, to discuss whether an organisation is or is not under consideration for proscription. It would clearly be foolish for any Minister to give running commentaries on what is going on with individual organisations, so I do not propose to start now.

Dr Julian Lewis (New Forest East) (Con): My hon. Friend said that this was the ninth in a series of proscriptions. Bearing in mind some of the reservations that were expressed at the time that the original legislation was enacted, can he reassure the House that there has been no sign of any previously proscribed organisations seeking to get round the proscription by such devices as changing their names?

Damian Green: Indeed, that is one of the activities that concerns Ministers and it is one of the things that has happened in the past. Organisations have sought to reappear under different names and have been re-proscribed. We are extremely aware of the very serious problem to which my hon. Friend refers.

Keith Vaz (Leicester East) (Lab): May I take the Minister back to the point raised by my hon. Friend the Member for Islington North (Jeremy Corbyn)? I do not think my hon. Friend was challenging the subject matter before the House. He was raising the issue of the process. The Act under which the proscriptions are laid before the House is 10 years old. Is the Minister satisfied that the way in which proscription is challenged is robust and will give organisations the opportunity to put their case to the tribunal? That is the point being made, not a challenge to the subject matter.

Damian Green: I take the right hon. Gentleman's point. As he knows, all proscribed organisations are reviewed on an annual basis by a cross-Government group that assists the Home Secretary to come to decisions on these matters. Each case is carefully considered, taking into account all the detail as time passes. The right hon. Gentleman makes a good point that organisations can change over time. There is an appeal mechanism not just to the Home Secretary, but beyond the Home Secretary to an independent committee, so I am confident that organisations can present a case that they have changed. The system and the Act allow for that.

Proscription is a tough power, as is clear from the various interventions, but it is necessary. Its effect is that the proscribed organisation is outlawed and is unable to operate in the UK. Proscription means that it is a criminal offence for a person to belong to or invite support for a proscribed organisation. It is also a criminal offence to arrange a meeting in support of a proscribed organisation or to wear clothing or carry articles in public which arouse reasonable suspicion that an individual is a member or supporter of the proscribed organisation.

Given the wide-ranging impact of proscription, the Home Secretary exercises her power to proscribe an organisation only after thoroughly reviewing all the available relevant information and evidence on the organisation. This includes open source material, as well as intelligence material, legal advice, and advice that reflects consultation across Government, including with the intelligence and law enforcement agencies. Decisions on proscription are taken with great care by the Home Secretary, and it is also right that the case for proscribing new organisations must be approved by both Houses.

Having carefully considered all the evidence, the Home Secretary firmly believes that the TTP is currently concerned in terrorism. Although hon. Members will, I hope, appreciate that I am unable to go into much detail, I am able to summarise. The TTP is a prolific terrorist organisation that has committed a large number of mass-casualty attacks in Pakistan. It has announced various objectives and demands, such as the enforcement of sharia, resistance against the Pakistani army and the removal of NATO forces from Afghanistan. Examples of recent attacks include a suicide car bomb attack outside a courthouse in Mingora in March 2009 that killed 14 people and injured 130. Another attack on a police station in Lakki Marwat in September 2010 killed 17 people. Although the majority of attacks have been against military and Government

targets, the TTP is also known to target religious events. In September 2010, a suicide attack on a Shi'a rally killed 50 people.

The group has also claimed responsibility for attacks on western targets. For example, in June 2010 an attack on a NATO convoy just outside Islamabad killed seven people and destroyed 50 vehicles. In April 2010, an attack on the US consulate in Peshawar killed at least six. The TTP has also threatened to attack the west and was implicated in the failed Times square car bomb attack last May.

Proscription will align the UK with the emerging international consensus against this murderous organisation. The TTP is already designated by the United States and proscribed in Pakistan. The proscription of the TTP will contribute to making the UK a hostile environment for terrorists and their supporters, and show our condemnation of the terrorist attacks the group continues to carry out in Pakistan. Proscribing the TTP will enable the police to carry out disruptive action more effectively against any supporters in the UK.

I should make it clear to hon. Members that proscription is not targeted at any particular faith or social grouping, but is based on clear evidence that an organisation is concerned in terrorism. The TTP is not representative of Pakistani or wider Muslim communities in the UK. The organisation has carried out a large number of attacks in Pakistan resulting in large numbers of civilian casualties. It is clear that these actions appal the vast majority of British Muslims.

As a final point, I have already said that the Government recognise that proscription is a tough power that can have a wide-ranging impact.

Robert Halfon (Harlow) (Con): I welcome my hon. Friend's statement. Will he confirm that the Government are looking, as they have said in the past, at proscribing Hizb ut-Tahrir, and the political wing of Hezbollah, which still operates in the United Kingdom?

Damian Green: I can only repeat to my hon. Friend what I said to the hon. Member for Islington North (Jeremy Corbyn). For obvious reasons, it is not this Government's, nor was it the previous Government's, policy to discuss whether an organisation is or is not under consideration for proscription. He will be aware that Hizb ut-Tahrir is an organisation about which we have real concerns, and I can confirm that its activities are kept under review. But as I say, it would be unwise to promote a running commentary on any individual organisation.

Any organisation that is proscribed, or anyone affected by the proscription of an organisation, has an appeal mechanism, as I was saying to the Chairman of the Home Affairs Committee. They can apply to the Home Secretary for the organisation to be de-proscribed, and if the application is refused, the applicant can appeal to the Proscribed Organisations Appeal Commission, a special tribunal that is able to consider the sensitive material that often underpins proscription decisions. A special advocate can be appointed to represent the interests of the applicant in closed sessions of the commission. I hope that gives some reassurance to those who were concerned about that.

Mark Reckless (Rochester and Strood) (Con): With respect to any running commentary from the Home Office, my recollection is that we gave something approaching a commitment, at least in opposition, that Hizb ut-Tahrir was an organisation that we wished to proscribe. I understand that there may be difficulties, but it is reasonable to press the Minister for a clearer understanding of the process with regard to this organisation.

Damian Green: With respect to my hon. Friend, I really do not think that it is sensible in such sensitive matters for Ministers to give running commentaries at the Dispatch Box on whether organisations might be about to be proscribed. That applies to any organisation of any kind and background, for obvious reasons that I think he will recognise. That would not be a sensible course of action. There is ample evidence to suggest that the TTP is concerned in terrorism.

Shabana Mahmood (Birmingham, Ladywood) (Lab): Given what the Minister has just said, is it his view that the Prime Minister, as Leader of the Opposition, made a mistake when he said that he would ban Hizb ut-Tahrir?

Damian Green: No, it is not. The Prime Minister had, and has, concerns about Hizb ut-Tahrir, as I hope did previous Prime Ministers, and as I hope does the shadow Home Secretary. As I have just said, its activities are kept under review.

Shabana Mahmood: Will the Minister give way?

Damian Green: No, because the hon. Lady has already intervened and is about to speak. *[Interruption.]* I regret that Opposition Front Benchers regard the matter as humorous. Many people have been killed by the TTP, which is what the House is debating this evening. There are clearly serious issues about how this country attacks terrorism and defends itself against terrorists, so it is not the time for Opposition Front Benchers to regard something as amusing. There is ample evidence to suggest that the TTP is concerned in terrorism, and I believe that it is right to add the organisation to the list of proscribed organisations under schedule 2 to the Terrorism Act 2000. I hope that Members on both sides of the House, particularly those on the Opposition Front Bench, will support the Government in that action, which is designed to promote the safety of the British people.

7.41 pm

Shabana Mahmood (Birmingham, Ladywood) (Lab): I am grateful to the Minister for setting out the Government's reasons for the order. Let me clarify that no one on the Opposition Front Bench finds these matters amusing in any way whatsoever. I note, however, that the Minister was somewhat under pressure when the Prime Minister's conduct in matters of national security and the banning of organisations was cited. We were merely pointing out that the Prime Minister does not have a glorious record in that regard.

Let me reiterate at the outset for the benefit of the House the approach adopted to counter-terrorism matters by the shadow Home Secretary, my right hon. Friend the Member for Morley and Outwood (Ed Balls):

"We, the Opposition, will take an evidence-based approach which gives the greatest importance to national security in coming to a view on counter-terrorism issues, and therefore wherever possible we will seek to work with the government and will seek consensus."

[Shabana Mahmood]

To that end, I can tell the House that, despite frequent earlier requests, my right hon. Friend received only in the past hour a Privy Council briefing on the organisation that is the subject of the order. As I have said, we are happy to seek a consensus-based approach on matters of national security, but I point out to Government Front Benchers that that would be helped along somewhat if they provided Privy Council briefings in a more timely manner.

Robert Halfon: To be fair, given what the hon. Lady has just said about Hizb ut-Tahrir, it was Tony Blair who first said that the organisation should be proscribed, and nothing ever happened subsequently.

Shabana Mahmood: I will return to the issue of Hizb ut-Tahrir shortly and hopefuily deal with the substance of the hon. Gentleman's intervention.

I have a number of questions about the order for the Minister. Paragraph 7.2 of the explanatory memorandum states:

"The Secretary of State has regard to additional criteria (announced by the Secretary of State in 2001) in deciding as a matter of discretion whether or not to proscribe an organisation. These are:...The nature and scale of the organisation's activities...The specific threat that it poses to the UK...The specific threat that it poses to British nationals overseas...The extent of the organisation's presence in the UK...The need to support international partners in the fight against terrorism".

Those criteria seem to be perfectly sensible in providing the basic test against which a Secretary of State may decide to exercise his or her discretion, but will the Minister shed some light on how, in this particular case, they have been applied? The 2001 criteria are not contained in primary or secondary legislation, so in light of that are they under regular review by the Home Office? Will he give us some details about how the Government intend to keep them under review? How frequently will that be done?

Given that the criteria were stated first in 2001, does the Minister consider them to be fully comprehensive still? Could they usefully be added to, and are there any plans to do so? He will be aware that there is a large and settled British Pakistani community in this country, and many British citizens from that community travel regularly to Pakistan to visit family and friends. What is his assessment of the threat that Tehrik-e Taliban Pakistan poses to them? That will be a matter of some interest to the British Pakistani community, so I hope that he will take this opportunity to address it. Related to that, is Tehrik-e Taliban Pakistan operative in this country? How has the threat that the organisation poses in this country changed since it was set up in 2007, and what is the extent of its operations in this country?

The Minister will also be aware that, as a result of the devastating floods in Pakistan last year, the effects of which are still being felt by the Pakistani population, a large number of British aid workers operate in Pakistan and are involved in vital efforts to provide humanitarian relief and assistance to the flood affectees. Soon after the floods, Tehrik-e Taliban Pakistan made a number of statements, widely reported in the British media, threatening British aid workers. Will the Minister update the House on the threat posed to British aid workers engaged in flood relief work in Pakistan, and will he give some detail about the efforts being made to provide the maximum possible security and support to them?

The organisation was set up in 2007, proscribed by the Pakistani authorities in 2008 and designated by the United States in September 2010. What prompted the Government to follow suit now? How was the timing of the decision arrived at? There is, of course, necessary and close co-operation between the Pakistani authorities and the Government in combating terrorism. Is the Minister confident that the Government are doing enough to support the Pakistani authorities and society as a whole to prevent the rise of Tehrik-e Taliban Pakistan.

Keith Vaz: I am listening carefully to my hon. Friend. Is she satisfied about the current process for challenging decisions? We understand that once the House makes a decision, an organisation is proscribed, but there is a process for challenging such moves, and that is right in a democratic society. Is she satisfied with that process, or do the Opposition wish to make any changes to it?

Shabana Mahmood: I am grateful to my right hon. Friend for his intervention. In fact, I intended to put that question to the Minister in relation to any plans that the Government might have to look again at the legal process of appeal for an organisation that has been proscribed. I know that, in previous debates when the previous Labour Government proscribed organisations, my right hon. Friend raised the potential deficiencies in the processes for proscription and for challenging proscription, so can the Minister state the Government's plans in that regard?

Do we know whether other countries intend to proscribe the organisation in the near future? What co-operation has there been between the Government and our allies engaged in operations in Afghanistan and other parts of the world in terms of proscribing it? Will there be continued co-operation, and what is the extent of such work?

Will the Minister give the House some details about the procedure by which the Government intend to keep the list of proscribed organisations under review? Will such reviews take place monthly, quarterly or less regularly, and can we be confident that all organisations that pose a threat to our national security are proscribed?

The House will be aware that during today's Prime Minister's questions, my hon. Friend the Member for Eltham (Clive Efford) asked the Prime Minister about his plans to proscribe another organisation, Hizb ut-Tahrir. This was also mentioned by the Minister. Although Hizb ut-Tahrir is not subject to this order, the Prime Minister's comments about it raise questions about the Government's policy on proscription as a whole.

Further to what was said at Prime Minister's questions, my right hon. Friend the shadow Secretary of State has written to the Prime Minister and the Home Secretary. Let me refer to his letter, because it is important for the House to know this. His letter points out that last year the Prime Minister made a commitment to banning Hizb ut-Tahrir

"despite having not seen any of the evidence".

He continues:

"The clear suggestion was that proscribing this organisation was a simple act that could be made without any legal obstacles on the basis of the...evidence"

that was available in the public domain. He asks the Prime Minister a number of questions, which I will repeat for the Minister to comment on. He asks the Prime Minister when he intends to fulfil his commitment on Hizb ut-Tahrir and on what dates the Prime Minister and the Home Secretary have met to discuss the matter. He asks:

"Will you share with me, on Privy Council terms"—

and, one hopes, in a timely way—

"the latest available evidence about"

Hizb ut-Tahrir's

"activities?"

He says:

"On the basis of the available evidence, is it still your intention to proscribe this organisation?"

and asks whether the Prime Minister has

"any plans to amend the relevant legal tests"

as set out in the Terrorism Act 2000 and amended in the Terrorism Act 2006.

Perhaps the Minister could shed some light on the Government's response to those questions, because it is important that the House has placed before it the Government's exact procedures and intentions in relation to proscription. Proscription should be a matter of last resort in order to safeguard our national security, and not the subject of off-the-cuff remarks or ill-thought-out pronouncements by the Prime Minister when he was Leader of the Opposition.

As I have said, we will work with the Government to protect our national security, and in that spirit we will support the order.

7.52 pm

Tom Brake (Carshalton and Wallington) (LD): I thank the Minister for setting out the reasons for proscribing Tehrik-e Taliban Pakistan. I have a couple of questions that I hope he might be able to answer, although I accept that if there are security considerations or the information is not in the public domain he may well be unable to do so. I will understand if that is the case.

First, on the catalyst for making this decision, was it prompted by the attempted car bombing in Times square in May 2010? As the Minister will know, the briefing from CTC Sentinel makes it clear that this organisation had been very active in Pakistan since 2007. Secondly, has there been any evidence of any activity in the UK, or any expectation that any assets may be seized?

I want to stress again that I will understand if the Minister is unable to respond to those questions, because clearly there may be security considerations attached. I think that the Government are taking the appropriate action. If he is able to answer them, that will benefit all those in the Chamber, but I am confident that the matter will be sorted out very shortly.

7.54 pm

Keith Vaz (Leicester East) (Lab): I hope not to detain the House for too long. I know this is a special day for you, Mr Speaker, and I would not like to keep you away from the birthday celebrations that are no doubt being planned for you in the Speaker's house once you vacate the Chair.

This is a very important debate, and it is right that there is a full House to hear what the Minister has to say. In previous debates of this kind, the House has been almost empty; there is an assumption that such orders will go through automatically. That is why I am grateful for the way in which the Minister put the Government's case, and for the way in which the Opposition said—I think—that they will support the Government.

Shabana Mahmood *indicated assent.*

Keith Vaz: My hon. Friend nods. It is right that the questions that she put forward should be answered at some stage—not necessarily this evening, but as soon as possible. I associate myself with the remarks of the hon. Member for Carshalton and Wallington (Tom Brake), who raised issues that have to be addressed.

I sat through a number of debates on such orders on the Government Benches, when the Labour party was in power, in which Ministers came to the Dispatch Box and made the case for proscription. It is difficult for the House, because it cannot really challenge Ministers when they make such a case, because they come in good faith and they are in possession of all the information, much of it confidential and much of it given to them by the security services. We therefore accept what the Minister says in good faith.

Just the name of the organisation, the Pakistan Taliban, makes one want to ban it immediately because of the word Taliban. It is obviously not a friendly organisation. Although I know nothing about the organisation—I have heard as much as I know about it from the Minister tonight—I am happy to support what the Government are doing.

However, I caution the Minister and the Opposition—a number of Members raised this point when the Labour party was in government—to look again at the process that should be adopted when organisations want to challenge the decision. I was in the House when Mujaheddin-e-Khalq managed to get its proscription lifted. As the Minister knows, it was proscribed in March 2001, it challenged the decision in June 2001, and it was deproscribed seven years later. It took the organisation seven years to make its legal case against proscription. Therefore, from the point of view of the public, as opposed to that of the organisations, it is important at this time in the life of the Terrorism Act 2000, which has been with us for 10 years, to review the processes. I would offer a review by the Home Affairs Committee—I see that the hon. Member for Rochester and Strood (Mark Reckless) is here—but because the Government's agenda on home affairs is so exhausting and plentiful, it is difficult to find the time to look at this issue. I am sure that we will do so, and certainly in the life of this Parliament.

It is important to consider the process. I will use the example put forward by my hon. Friend the Member for Islington North (Jeremy Corbyn), which involves a constituency interest for myself and others, of the previous Government's decision to ban the Liberation Tigers of Tamil Eelam. As you know from visiting the island of Sri Lanka, Mr Speaker, the war is over. The LTTE has been defeated, its leaders have all been killed, including Prabhakaran, who was killed as part of the conflict, and the Sri Lankan Government have said that the LTTE no longer exists. However, members of the

[Keith Vaz]

community who wish to support charitable causes in Sri Lanka are still sometimes questioned about their involvement, including those who take part in the annual ceremony that takes place on 26 November each year to celebrate the lives of those who have been killed.

Although this is, of course, a narrow order and the proscription applies to those who support the Pakistan Taliban, it is possible that other members of the community who are completely unassociated with this terrible organisation will in some way be caught up in the problem. I think that is what my hon. Friend the Member for Birmingham, Ladywood (Shabana Mahmood) was trying to allude to when she put her questions to the Minister.

I do not expect the answers tonight. After all, the Minister present is the Minister for Immigration, not counter-terrorism. I therefore do not expect the answers, although he is obviously very well briefed, a highly intelligent Member of this House, a hard-working Minister and all the other nice things I could say about him. I have mentioned your birthday, Mr Speaker, but it was also the Minister's birthday on Monday, so we have to be nice to him. The questions that I have asked must be considered, and I hope that if the Minister cannot give me the information that I want today, the Minister with responsibility for counter-terrorism, perhaps in a letter to my Committee, or the Home Secretary next time she addresses the issue, will be able to put my mind at rest.

I fully support the order and hope that the whole House will. We look forward to ensuring that these matters, which by their nature have the possibility of affecting the civil liberties of citizens of this country, are kept under review as closely as possible.

8 pm

Kris Hopkins (Keighley) (Con): I thank the Minister for his opening statement and acknowledge that we have to accept such recommendations with a degree of trust because we cannot have access to all the information that he and others have. I know that he will have sought and listened to legal advice, as his comments reflected.

I welcome the Minister's saying that the order is not about targeting the Pakistani community or the Muslim community; it is about a group of individuals whose activities need to be addressed and challenged. The Minister's clear statement of that reassurance is really important for a community that has gone through a long period of feeling that it is targeted at every level.

As the Minister said, there is disgust and revulsion at the violence that has been carried out by the individuals in question, against civilians in the vast majority of cases, because cowards like to target civilians. Families and individuals have suffered as a consequence of that violence, and the leadership shown by the House in supporting the order will send out a clear statement about our solidarity in the desire to fight terrorism wherever in the world it manifests itself.

8.2 pm

Chris Bryant (Rhondda) (Lab): I, too, broadly agree with the system that we have in place for proscribing organisations. It is important not only for protecting ourselves and the security of those whom we represent but for playing our role in the international community in preventing terrorism and the spread of terrorism.

It is perhaps worth noting that the organisation whose terrorism I have personally experienced is Euskadi ta Askatasuna—ETA—in Basque Spain, where I grew up as a child, which is one of the proscribed organisations.

I agree fully with the addition of Tehrik-e Taliban Pakistan to the list, but I wish to ask the Minister some questions about the full implications of the system and how we arrive at the decision to proscribe some people and organisations and not others. The 2000 Act is pretty clear in its interpretation of what terrorism is. It states:

"In this Act 'terrorism' *means the use or threat* of action where...the use or threat is designed to influence the government or an international governmental organisation or to intimidate the public or a section of the public".

Section 2 adds that action is included if it

"involves serious violence against a person",

and section 4 states that it

"includes action outside the United Kingdom".

That is obviously vital in the case of many of the organisations that we proscribe, although I note that the elements that the Government consider include not only the specific threat that an organisation poses to the UK but the need to support international partners in the fight against terrorism.

I suggest, as others have this evening, that we have perhaps not quite got the full list yet. I say that not as a reference to Hizb ut-Tahrir in particular but because those involved in the arrest, torture and murder of Sergei Magnitsky, and all those involved in the corruption that he unveiled in Russia, are and have been engaged in a form of economic terrorism against this country. I hope that the Home Office will therefore look at whether such an order is precisely the right vehicle to use to seize any of those people's assets in this country, or to proscribe them from coming to this country. Sergei Magnitsky was working for a British company in Russia. He unveiled a vast nexus of corruption in the Russian system—$230 million-worth—and he was murdered in prison, having been put there without trial, and there has been absolutely no investigation since his death.

There have been moves similar to those allowed for by this order in other countries. In the United States, Senators McCain and Cardin have co-sponsored a law—the Justice for Sergei Magnitsky Act 2010—that will impose visa-entry bans and asset freezes on those Russians who took part. On 16 December 2010, the European Parliament recommended a very similar set of proposals—a vote on which was carried by 318 to 163.

The Minister may think that such an order is a wholly inappropriate way in which to proceed in relation to those people, but I very much hope that he will keep the matter under review.

8.6 pm

Jeremy Corbyn (Islington North) (Lab): I hope you are enjoying your birthday, Mr Speaker, and that this is an appropriate way to celebrate it.

I hold no brief for Tehrik-e Taliban Pakistan, and I do not wish to defend or support them in any way this evening. However, I want to follow the points made by

other hon. Members on the process, which is not satisfactory. We add to the list of banned organisations during a Parliament, but the additions cannot be amended and the subject of the proscribed list is not open to general debate. There is therefore an argument for reviewing that process, and I hope the House heard what the Chair of the Home Affairs Committee said—he seemed to indicate that his Committee might well be prepared to conduct an inquiry into the process.

The legislation is now 10 years old. According to the list that I have just downloaded, 46 organisations are proscribed under the 2000 Act, and a further group of organisations are banned in Ireland—presumably that ban applies in this country too. The list contains organisations that clearly no longer exist, and organisations that have changed their names and exist under others. It therefore seems to me to be high time to review the whole question.

I take the point made by the hon. Member for Keighley (Kris Hopkins). Proscribing an organisation from a particular country or community affects that country or community, and it affects the attitudes that officials take towards them. It is therefore necessary to consider such things very seriously. For example, my right hon. Friend the Member for Leicester East (Keith Vaz) asked about the LTTE, but it no longer exists and the situation in Sri Lanka has changed dramatically. I would have thought that we ought to look at that as a way of promoting political discourse and dialogue to ensure that the Tamil community has a place for negotiation, representation and political action. That is surely what we are trying to achieve.

Keith Vaz: Another point is the pressure that proscriptions put on the police and their resources. We must be very careful how we proceed with proscription, because the police must go out there and interview members of the community, and possibly prosecute people.

Jeremy Corbyn: Indeed we must, because proscription puts a requirement—not just a pressure—on the police to do those things. Therefore, there is the potential for an enormous waste of resources, not to mention damage to community relations. After all, in this country, as I understand it, we try to include and incorporate, and to build good community relations rather than divisions.

Rehman Chishti (Gillingham and Rainham) (Con): As somebody of Pakistani origin, may I say that the wider expatriate Pakistani community will fully support the decision to proscribe this terrorist organisation—there is no other way to describe it? Also, the people in Pakistan want a safe, prosperous Pakistan, whereas this organisation is committed to everything that works against that. This organisation was proscribed in 2008 in Pakistan, in 2010 in the United States of America and now in the United Kingdom. Should these periods not be shortened? As the host country of Pakistan proscribed it in 2008, should it not then have been proscribed in other countries soon after, so that it does not have the chance to launder money in other countries?

Jeremy Corbyn *rose—*

Mr Speaker: Order. Subsequent interventions should not imitate that which we have just heard, in terms of length at any rate; it was very erudite but also a bit long.

Jeremy Corbyn: I also think it is an intervention that ought to have been directed at the Minister, not me, and perhaps the Minister will respond to it.

Obviously, there is a point in what the hon. Gentleman has said, but I also think it is important that this country does not just automatically proscribe an organisation because Government X, Y or Z has said so. If we did that, our history would be very different. Apartheid South Africa banned the African National Congress, yet the ANC had offices in this country, organised in this country, was completely open in this country, and eventually apartheid fell and the ANC became the Government of South Africa. I think we have to be a little careful about making instant responses all the time to banning requests made by particular regimes. I hold no brief whatever for the organisation under discussion tonight; I just think one should be slightly cautious.

Kongra Gele Kurdistan is listed, together with a number of Somali organisations. I have a very large Kurdish community in my constituency, as well as a very large Somali community. None of the people I speak to or represent holds any brief for violence or terrorist actions. They want a political development and a political solution to their problems in Somalia and Kurdistan. I suspect that the Minister will have difficulty in replying to this point tonight, but I urge him to look seriously at those organisations and to review the need for a positive democratic dialogue and process with the Kurdish people to bring about a peaceful resolution in Turkey, and the same goes for Somalia.

Banning and proscription do not necessarily work. What works is political dialogue. Let us consider what happened in Northern Ireland. Gerry Adams and John Hume came to an agreement and we eventually brought about a whole peace process there. It is important to look for positive solutions, rather than instant banning and the use of the state apparatus to suppress legitimate political activity.

Andrew Griffiths (Burton) (Con): The hon. Gentleman argues that the democratic process and dialogue cannot take place because some of these groups have been proscribed. He seems to suggest that that in some way hampers democratic dialogue. Clearly, these organisations do not speak for their communities as a whole, however. He mentioned that many of these groups no longer exist. Is it not the case that they no longer exist simply because they were proscribed?

Jeremy Corbyn: There are various reasons why they are not in existence; some are to do with proscription, but some are to do with military activities in the countries concerned. There is a whole host of reasons.

My point is that proscribing organisations that probably do not exist, and in some cases naming people or suggesting naming people who are alleged to be representatives of those organisations, in turn limits their opportunity for legitimate political activity and political dialogue. I have drawn the parallel with what happened in Northern Ireland, and the parallel of the attitude that was adopted not by this country but by others towards the ANC in South Africa when the apartheid regime wanted it banned worldwide. I just think one has to look to bring about a solution to such problems, rather than having too simple a process.

[Jeremy Corbyn]

I hold no brief whatever for the organisation under discussion, and the will of the House is clearly that the order should be passed. I just wanted to use this opportunity—I thank you for allowing me it, Mr Speaker—to encourage the Minister to consider the points that have been put by my right hon. Friend the Member for Leicester East (Keith Vaz), myself and others who have concerns about the process involved in this order.

Mr Speaker: With the leave of the House, I call the Minister to reply to the debate.

8.14 pm

Damian Green: Thank you, Mr Speaker, and felicitations.

I am grateful to the House for the many important points raised and, in particular, for the tone of the debate on the key issue of the process. Clearly, the Government are exercising very serious powers, so it needs to be done carefully and kept under proper review. I assure hon. Members on both sides of the House that I very much share their feelings about that.

I should gently say to the hon. Member for Birmingham, Ladywood (Shabana Mahmood) that I am genuinely bemused by her point about the timeliness of the briefing given to the shadow Home Secretary. I understand that he asked for a briefing on Privy Council terms early this afternoon and received it later this afternoon. I genuinely do not know how much faster the Government could have been expected to react to that request, so I am puzzled by the point she made.

The hon. Lady asked a number of important questions, some of which were about the criteria and the process. Those legitimate questions were echoed by other hon. Members, not least by the hon. Member for Islington North (Jeremy Corbyn), the right hon. Member for Leicester East (Keith Vaz) and my hon. Friend the Member for Carshalton and Wallington (Tom Brake). There seems to be a slight misunderstanding involving the absolute nature of proscription for ever, because this arrangement is not like that. I think it will help all those who asked the questions if I simply go through what has to happen under the Terrorism Act 2000 for a body to be proscribed.

The Home Secretary may proscribe an organisation if she believes

"that it is concerned in terrorism."

What "concerned in terrorism" means under the Act is that an organisation

"(a) commits or participates in acts of terrorism,

(b) prepares for terrorism,

(c) promotes or encourages terrorism"

that includes "unlawful glorification"—

"or

(d) is otherwise concerned in terrorism."

If that statutory test is met, the Secretary of State will take into account other factors when deciding whether or not to proscribe. Those criteria are: the nature and scale of the organisation's activities; the specific threat that it poses to the UK; the specific threat that it poses to British nationals overseas; the extent of the organisation's presence in the UK; and the need to support other members of the international community in the global fight against terrorism.

Most importantly, the Home Secretary comes to this decision after having received advice from a cross-departmental group. That group reviews the proscription of all proscribed organisations on a rolling 12-month basis, so there is a permanent rolling programme of checking which groups are proscribed and whether it is appropriate to continue with the proscription. That seems to me to be a proper process, because I take the points made by hon. Members on both sides about how groups can change and how, in all these areas of this world, it is of course in the interests of the British Government and the British people not only to combat terrorism—that is clearly important—but to try to foster a democratic dialogue so that troubled countries can move into the democratic ambit.

I wish to answer some of the other detailed questions, in so far as I can. I was asked by the hon. Member for Birmingham, Ladywood and by my hon. Friend the Member for Carshalton and Wallington about TTP's activities and presence in the UK. I am sure that the House will understand that I cannot comment on intelligence matters and details, but I can say that the TTP aspires to mount attacks in the west, as was demonstrated by its involvement in the failed Times square car bomb attack, and TTP leaders have publicly threatened the UK in the past. The group also threatens this country by targeting our interests and allied interests overseas: for instance, the group claimed responsibility for a suicide bomb attack on the United Nations World Food Programme office in Islamabad in October 2009, which killed five people.

The hon. Lady rightly asked what the UK Government are doing to help to stabilise Pakistan. We actively engage the Government of Pakistan to implement political reform in the tribal areas. In addition, through the conflict prevention fund, the Foreign Office is spending £3.65 million a year on reducing the governance and security vacuum that evidently exists in that part of the world, improving Afghan-Pakistan relations and co-operation, and reducing insecurity in Balochistan. So we are playing a very active role.

Dr Julian Lewis: I am still not quite clear about one aspect. Surely the banning of an organisation in this country is carried out because there is reason to suspect that it is going to try to be active in this country. It is not simply a matter of trying to perform a terrorist act, which would be a crime in any case, but of trying to function in this country. Is there any evidence that either this group or its sympathisers are currently active in this country? There are of course all sorts of terrorist groups around the world that are not active in this country which we do not seek to add them to our own proscribed list.

Damian Green: If I were to answer my hon. Friend in detail, I would reveal intelligence information. I am sure that he, with his distinguished background in defence, would not want me to do that. I would refer him to the list of criteria I mentioned, which includes attacks on British citizens and British interests, along with those of our allies around the world. I think it would be beneficial if he studied those criteria carefully.

The hon. Member for Birmingham, Ladywood asked about the review. I hope she is reassured not just by what I said about the rolling 12-month review programme, but by the fact that there is an appeal mechanism—first to the Home Secretary and then to an independent committee. The legislation allows for that. She asked whether the discretionary criteria are still appropriate, and we believe that they are. Counter-terrorism policy is, of course, kept permanently under review. She asked about the time scale; she will be aware that the Home Secretary is currently reviewing the most sensitive and controversial counter-terrorism and security powers and measures. It would be particularly inappropriate to speculate on the outcome of the review, as we are going to announce the findings shortly. I hope that the hon. Lady will be reassured by that.

The hon. Member for Rhondda (Chris Bryant) raised a particular case. I take his point, but say simply in response that the Government have a wide range of counter-terrorism tools at their disposal, including asset freezing, exclusion and so forth. It would obviously be improper for me to comment on an individual case.

Chris Bryant: Would the Minister be prepared to meet me about this particular case to talk through what might be done regarding the people who murdered Sergei Magnitsky?

Damian Green: I would be happy to do so, although the hon. Gentleman might prefer to meet the Minister of State with responsibility for security and counter-terrorism. If he wants to meet me, however, it is always a pleasure. I would be happy to do so, as I said.

One of the detailed points made by the hon. Member for Islington North was that proscription does not work, but dialogue does. Of course we all want to move towards dialogue, but proscription does send out a strong message that we do not tolerate terrorism, and it deters terrorist groups from operating here. It should in no way prevent peaceful dialogue. The hon. Gentleman also made a point about the Liberation Tigers of Tamil Eelam. The Tamil community in this country and elsewhere can express ideas it feels strongly about without supporting the LTTE.

Having heard what I thought was a good debate, I strongly believe, as I think every hon. Member does, that the TTP should be added to the list of proscribed organisations under schedule 2 of the Terrorism Act 2000. I emphasise once more that the TTP has carried out a large number of mass casualty attacks within Pakistan against the Pakistani military and Government and against civilian targets. The number of the group's victims runs into the hundreds. It is important that we make the UK a hostile place for such terrorists and that we show our condemnation of this organisation's activities. The TTP has also attacked western interests within Pakistan and has stated its intention to carry out attacks in the west—a threat given credence by the attempted attack in Times square. It is now right to align the UK with the emerging international consensus condemning this group and its activities. I commend the order to the House.

Question put and agreed to.

Ordered,

That the draft Terrorism Act 2000 (Proscribed Organisations) (Amendment) Order 2011, which was laid before this House on 17 January, be approved.

PETITION

Education Maintenance Allowance

8.24 pm

Valerie Vaz (Walsall South) (Lab): The petition is from the students of Walsall college.

The petitioners oppose any reduction in weekly education maintenance allowance payments in this Parliament. They further oppose the loss of financial support to 14 to 19-year-olds from low-income families who wish to stay on in further education. They therefore request that the House of Commons urge the Government to take all possible steps to continue the payment of education maintenance allowance.

There are 402 signatories to the petition in similar terms.

[Following is the full text of the petition:

The Petition of students of Walsall College,

Declares that the Petitioners oppose any reduction in weekly education maintenance allowance payments in this Parliament and notes that the Petitioners further oppose the loss of financial support to 14 to 19-year-olds from low-income families who wish to stay on in further education.

The Petitioners therefore request that the House of Commons urges the Government to take all possible steps to continue the payment of education maintenance allowance.

And your Petitioners, as in duty bound, will ever pray.]

[P000878]

Rail Service (West Anglia)

Motion made, and Question proposed, That this House do now adjourn.—*(Bill Wiggin.)*

8.25 pm

Sir Alan Haselhurst (Saffron Walden) (Con): So long ago is it, Mr Speaker, that I last took part in a debate in the House—almost 15 years—that you may forgive me for feeling that this is something like a maiden speech, although I realise that it is not, in the technical sense. Let me say to my right hon. Friend the Minister that I hope my return to Back-Bench advocacy may yield a rewarding response this evening.

I want to highlight the needs of all the people who make the 34.5 million journeys a year on the West Anglia railway line, which is part of the Greater Anglia franchise. The West Anglia line is really a cluster of lines, the main spine of which serves Cambridge from Liverpool Street as well as 14 other stations. Along that spine are 10 inner-London stations and spurs to Chingford, Enfield, Hertford and Stansted airport. I am grateful for the visible support of my hon. Friends the Members for Harlow (Robert Halfon) and for Enfield North (Nick de Bois), who are present, and I also pay tribute to those who, over the years, have worked together as a group to act as promoters of the need to improve the service on that line. They include my hon. Friends the Members for Hertford and Stortford (Mr Prisk) and for Broxbourne (Mr Walker) and the hon. Member for Edmonton (Mr Love), all of whom have had similar problems in their constituencies in relation to this line. If it is not provocative of me to say so, we are all in this together.

Let me give a little history. In 1977, when I started commuting from Audley End, which is one of the big commuter stations on the West Anglia line, the best journey time to Liverpool Street was 47 minutes, but today it is rarely possible to do that journey in under an hour and it usually takes more than an hour. I am not criticising the current train operator; in fact, National Express East Anglia can point to increased punctuality levels in what has become a more relaxed timetable. It is the extra demand on the line due to the growth in passenger numbers, notably caused by the introduction of the Stansted Express, that has been behind the slowing down of the journeys that our constituents undertake.

I do, however, criticise successive Governments. The Government of my noble Friend, Baroness Thatcher, set the ball rolling so far as the expansion of Stansted is concerned, by agreeing to it being developed to a capacity of 15 million passengers per annum. The Government of Tony Blair decided that the M11 corridor should be a centre of expansion and also supported a second runway at Stansted with the capability of quadrupling the number of people using that airport.

One might have anticipated some joined-up thinking. If more houses were to be built, whether in the inner or outer-London areas, and there was to be a third London airport, with possibly 80 million passengers per annum, surely to goodness attention should have been given to rail access to that airport. But no; there has been absolutely nothing doing in terms of train and track capacity. The only thing that can be shown is construction of the spur to Stansted airport.

Inevitably, the result has been that overcrowding is worse, journey times are longer and even the Stansted Express has become less express, but of course fares have continued to rise. As my right hon. Friend the Minister knows, some relief on overcrowding is in prospect. I am grateful for the fact that the previous Government did, at last, agree that 120 new carriages should be provided. The only fly in the ointment, as far as that was concerned, is that they were destined to be used largely to satisfy passengers to and from Stansted airport. That would include some of my commuters, but substantially the extra seating capacity covered people travelling only occasionally on the train. Regular commuters from other stations on the line—typically, commuters from Audley End pay about £3,600 a year for a standard season ticket—would have to make do with the type 317s, the principal stock used on the line.

"Tired" would be the politest word that could be applied to that type of train; it has a quixotic heating system and there are times when the doors stay closed, or, alternatively, stay open, neither attribute being particularly helpful to the running of a railway. During the recent cold snap, no fewer than 30 of the 60 four-car units that National Express had at its disposal for the West Anglia line were taken out of service as a result of problems in the traction motor caused by the snow.

I recently discovered that another threat is looming. Apparently, EU regulations in the making will forbid trains having their lavatory waste emptied on to the line. That is a particularly odious situation, especially when seen at Liverpool street. To fit what are politely known as retention tanks to the 317 stock would cost about £3 million, which is hardly an incentive to keep the carriages in service much longer.

The only way to improve journey times is of course to create more track. I am all in favour of a fast service to the airport. It ought to be possible to get to Stansted in 30 minutes, just as it is possible to get to Gatwick in 30 minutes. I am not against that in the slightest degree, but it cannot be done at the expense of improvements to services to stations in my constituency and beyond. It is important that a regular service be maintained for inner-London stations. The mix of fast and slow trains is impossible to achieve on a two-track system, so there has to be—at some point soon, one hopes—more track laid.

Network Rail, in the rail utilisation strategy on which it is working, has options for four-tracking certain sections of the line. There are what I describe as minimal and maxi options. I want to make it absolutely clear that I do not think the thing is worth doing unless one has four-tracking from Coppermill junction, south of Tottenham Hale, as far as Broxbourne. That will enable proper separation of the different types of service. However, it is being contemplated only for the control period that covers 2014 to 2019, so the implementation of even the minimal option is some way ahead. For a long period of years, we shall still suffer the restrictions that currently exist. Even then, of course, any movement on four-tracking will require finance.

With that tale of woe told, I now see the prospect—an opportunity—for improvement. The Department for Transport is working on a new franchise for Greater Anglia, which I believe is due to come into effect in 2013. I hope that the Government will construct a franchise that will place a requirement on the successful

bidder to commit to new trains across the network, rather than just the few that we are going to get, which might all go to the Stansted Express. I also hope that there will be a commitment to helping with the implementation of some four-tracking along the stretch of line that I mentioned. If the Government do not want to go quite that far in the terms of the franchise, at the very least let the franchise encourage the provision of an incentive to the successful bidder to help to bring those things about.

The length of the franchise is absolutely crucial if the train operator is to be encouraged to become a partner with Network Rail on improving the railway line. That has been my opinion for some time, but I note that it is also the opinion of the Association of Train Operating Companies. I was delighted that, by happy coincidence, my right hon. Friend made a statement today indicating that the Government believe in longer franchises. I do not know whether the franchise could be as long as 20 or 22 years, but it is a crucial point, because the longer the franchise, the better our chance of ensuring that there will be more investment soon for the benefit of our passengers. My right hon. Friend has the chance tonight—the omens seem propitious—to provide words of comfort to many long-suffering passengers by saying that a faster and better train service will be delivered soon, and foreseeably soon, for people using all the stations on the West Anglia network.

8.37 pm

The Minister of State, Department for Transport (Mrs Theresa Villiers): I congratulate my right hon. Friend the Member for Saffron Walden (Sir Alan Haselhurst) on making a distinguished contribution on his return to debating from the Back Benches. I also congratulate him on securing a debate on such an important topic and for giving the House the opportunity to discuss the West Anglia rail line and the future for the franchise on the network.

My right hon. Friend assiduously defends the interests of his commuting constituents, and I am grateful for his frequent representations and suggestions for ways to improve how our railways are run. His long-standing interest and expertise on transport matters no doubt aids him in being such an able and effective advocate for his constituents.

Before I respond to the points made by my right hon. Friend, I shall update the House on the franchise arrangements on the West Anglia route. Last September, the Department for Transport issued a notice to National Express East Anglia exercising the Government's contractual right to extend the current franchise by a little over six months. A written statement to the House in December announced that a short management contract would be let for the Greater Anglia franchise, which would be in place from February 2012. As my right hon. Friend pointed out, it was expected that a long-term franchise would begin in July 2013. The competition to let the short-term interim contract started last week.

The timetable has been put in place so that when we let the long-term Greater Anglia franchise, we can take on board the outcome of the recent consultation on rail franchising and the findings of the rail value for money study, which is chaired by Sir Roy McNulty. The study is aimed at reducing the costs of running the railways, thus making it easier to deliver the kind of improvements that my right hon. Friend has passionately called for in the debate.

Sir Roy McNulty's work to date indicates that better alignment of incentives between Network Rail and train operators is a vital way to get costs down on the railways. We believe that the Greater Anglia franchise is a promising candidate for such a reform because it is less complex and more self-contained than some other lines, and there is already some alignment between the area covered by the franchise and Network Rail's internal regional structures.

My right hon. Friend clearly highlighted the crowding problems on the lines serving his constituency and his general concern about the quality of the rolling stock that his constituents use every day. The Government are funding increased capacity on the National Express East Anglia franchise. One hundred and twenty new carriages will enter service over the next few months, with the first of the new rolling stock in operation from March. Although, as we have heard, those will be deployed primarily on the Stansted Express route, it is worth noting that during the peaks, that line serves commuters as well as airport passengers. I also note that my right hon. Friend mentioned his concerns about the growth of Stansted and the sufficiency of the supporting infrastructure.

Robert Halfon (Harlow) (Con): I thank my right hon. Friend for giving way, and heartily endorse the comments of my right hon. Friend and constituency neighbour the Member for Saffron Walden (Sir Alan Haselhurst). I welcome the Government's plans to invest in improving the rolling stock. Obviously, hard-pressed Harlow commuters who are crushed every day, particularly in the rush hours, would welcome any signal that the Government can accelerate the plans to improve the rolling stock.

Mrs Villiers: I am grateful for my hon. Friend's intervention. As I said, the rolling stock is due to come into service pretty soon—in the next few months in the case of the Stansted Express. My right hon. Friend the Secretary of State made an announcement about the provision of rolling stock elsewhere on the national rail network. Negotiations are under way with various train operators about those additional carriages.

My right hon. Friend the Member for Saffron Walden will appreciate that, had the previous Government's misguided plans for a second runway at Stansted gone ahead, it would have placed even more pressure on the surrounding infrastructure. That is one of the many reasons why the coalition has firmly ruled out a second runway.

As my right hon. Friend knows, National Express has also decided to operate some of the new units, which were originally destined for the Stansted Express, on Cambridge services. I pay tribute to my right hon. Friend's successful lobbying on that, because I am sure that it played an important part in the decision to deploy some of the new rolling stock carriages on Cambridge services. The introduction of new units on the Stansted Express and Cambridge services will, in turn, free up carriages that will be used to strengthen services across the Anglia network.

[Mrs Villiers]

On 12 December National Express East Anglia introduced a new timetable, which saw 68 additional carriages brought into service, providing more than 4,000 additional seats for passengers during peak times. In addition, I can confirm that my officials are in discussion with National Express East Anglia to determine whether some Cambridge services can be speeded up from December 2011.

My right hon. Friend expressed his concerns about the relative speed of services. The change in times is largely due to the fact that the trains are stopping at more stations to meet the increasing demand from passengers at different locations. That is part of the reason for the change in journey times that he highlighted.

My right hon. Friend also set out his grave concerns about the poor performance of National Express East Anglia rolling stock during the sub-zero temperatures in November and December. Unfortunately, he is correct that the type of rolling stock operated on the West Anglia route has problems during the kind of severe weather that we experienced before Christmas. I am afraid that that has also been apparent with other train operators who use the same kind of vehicles.

Problems include snow ingress into traction motors and freezing door mechanisms. In some instances, the Kilfrost used to treat platforms affected door runners, stopping doors from closing. Those problems were compounded by issues with Network Rail's infrastructure, including freezing points and icicles forming under bridges and interfering with overhead lines.

My officials met National Express East Anglia to discuss what actions they had taken to mitigate the effects of the extreme weather. Those include applying antifreeze to doors and deploying additional staff at stations along the route to try to deal with problems as they arise. Modifications to the traction motors are being investigated, and other mitigating actions are being urgently considered by the train operators in preparation for any recurrence of severe weather. Throughout the crisis, officials were in constant touch with the rail industry. The Secretary of State and I were in contact with the senior management of Network Rail and of a number of different train operators. Although disruption is inevitable with extreme weather conditions, we need to ensure that transport operators work as hard as they can to secure the best service deliverable in the circumstances.

In December, the Secretary of State asked David Quarmby to conduct an urgent audit of transport operators' performance in England and their compliance with the recommendations that he made earlier in the year on winter resilience. The audit emphasised the importance of improving the information given to passengers in the event of disruption, and concluded that the rail industry is rather over-dependent on electronic provision of information. The Department for Transport expects transport operators to act on David Quarmby's report.

As demand on the West Anglia route increases, changes will need to be made to the way in which services are delivered. Our response will depend on the extent of demand growth and, of course, on affordability. When competition is under way for the long Anglia franchise, starting in 2013, we will run a consultation to hear from local stakeholders what their priorities are for the rail network. I do not propose pre-empting that competition, but my right hon. Friend the Member for Saffron Walden urges bidders to consider putting forward proposals for new rolling stock on the line. Bidders may well want to make such proposals. I am sure that they will be interested in hearing from my right hon. Friend and other MPs what local people's priorities are for the much needed improvements to the railways. Bidders for the longer franchise will also need to evaluate likely growth and passenger demand over the coming years.

We believe that our new approach to rail franchising, which my right hon. Friend mentioned, with longer and less prescriptive franchises, will incentivise train operators to invest in improved services, and better stations and rolling stock, as he suggests they should. We will require bidders to take into account stakeholder aspirations in the improvements that they propose making to passenger services under the Greater Anglia franchise. We will need to be confident that those competing for the franchise have fully understood which improvements matter most to the communities served by the line. We also want them to generate ideas on how to deliver those improvements in an affordable way.

My right hon. Friend hinted at the range of upgrades to the Anglia network that have been discussed. He felt that there was a need for additional tracks to deal with the overcrowding problem and to improve services. Network Rail's route utilisation strategy recommended that the number of tracks on the route between Tottenham Hale and Broxbourne be increased from two to four, which is what my right hon. Friend called for. However, there may be alternatives that address the issues that the project is designed to solve, such as passing places on the line. As my right hon. Friend pointed out, there are mini and maxi options. The relative cost of all the options would have to be carefully assessed. As he acknowledged, no funding has yet been committed for delivering Anglia route utilisation projects beyond 2014, but our goal is to improve services for passengers, and that may well include infrastructure works in the next railway control period. I am sure that he will agree that decisions will have to be based on affordability, given the crisis in the public finances that we inherited from our predecessors.

A key goal in letting the Anglia franchise that commences in 2013 is to generate ideas for improving services, and to listen to the representations of people such as my right hon. Friend, who know well the concerns of their commuting constituents. The coalition's franchise reforms, announced today in a written ministerial statement, are designed to ensure that the rail industry performs more efficiently and invests more in the kind of improvements highlighted by my right hon. Friend this evening.

We believe that our predecessors tried to exert too much control from Whitehall through lengthy and detailed specifications and complex management regimes. On too many issues they attempted to second-guess the professionals whose job it is to run train services. A significant downside of this command-and-control approach is that it provides the private sector with only limited incentives to invest in the facilities and improvements that passengers want. It also leaves the private sector with little scope to deploy innovation and enterprise in responding to passenger concerns.

That is why we have proposed a new approach, which chimes in with much of the appeal that my right hon. Friend made this evening. We will set demanding outcomes for the rail industry to achieve, but we will give the industry more flexibility and freedom in deciding how best to deliver those outcomes for passengers. We intend to reduce the involvement of the Government in the way services are configured, while continuing to mandate the provision of core levels of service.

I firmly believe that I can assure my hon. Friend the Member for Harlow (Robert Halfon) that longer franchises will provide a stronger incentive for private sector investment in rolling stock, in stations and even potentially in broader infrastructure improvements. They will also make it easier for operators to invest in the long-term relationships that are so crucial for delivering reliable services and a successful railway—relationships with the work force, Network Rail, local authorities and, of course, passengers. As well as forming part of our strategy for reforming the franchise system, strengthening these pivotal relationships will be part of the valuable work being done under the auspices of the McNulty review to reduce the cost of running the railways for the benefit of both groups that fund them, taxpayers and fare payers.

Question put and agreed to.

8.51 pm

House adjourned.

House of Commons

Thursday 20 January 2011

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State was asked—

Tourism

1. **Nicky Morgan** (Loughborough) (Con): What recent progress his Department has made on the promotion of the UK as a tourist destination. [34700]

3. **Stephen Mosley** (City of Chester) (Con): What recent progress his Department has made on the promotion of the UK as a tourist destination. [34702]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (John Penrose): With private sector partners, the Government are creating a major, new overseas marketing fund. We are looking to create a fund of £100 million over the next four years which aims to deliver 1 million additional international visitors to the UK and £2 billion in extra visitor spend.

Nicky Morgan: I thank the Minister for his reply. As he will know, the Government are rightly focused on an agenda of growth across our economy. Does he agree that tourism, especially to the regions, such as Leicestershire, and to regional attractions such as the Great Central railway, is a key part of that growth strategy?

John Penrose: I absolutely agree. One of the key points about tourism is that it is an efficient and rapid way of driving economic growth and regeneration and that it does that in all parts of the country outside the south-east. It is an excellent tool for rebalancing our economy.

Stephen Mosley: My constituency is home to Chester zoo, one of our nation's foremost visitor attractions. With more than 25 million people visiting zoos and aquariums in the UK every year, what help can the Minister offer to promote such an important part of our visitor economy?

John Penrose: We are engaged in a recalibration and reorganisation of local tourist boards—destination management organisations, to use the jargon—which are being refocused to become more private sector-led. The express intention is to give prominent attractions, such as Chester zoo, a much bigger and stronger say in how their local destinations are promoted and marketed to tourists in the UK and abroad.

Mr David Hanson (Delyn) (Lab): What assessment has the Minister made of the rise in VAT on the potential for the promotion of tourism? Would he explain to people who provide tourism products whether they should absorb the cost of that rise, thereby cutting their profits, or pass it on to their customers, thereby offering a disincentive for tourism in the UK?

John Penrose: Clearly the rise in VAT is principally a matter for the Treasury, but it affects all economic sectors and every business in the country will have to make precisely the judgment that the right hon. Gentleman describes. As a politician, I would not dream of telling individual businesses how to run their business—it must rightly be a matter for them—but I am sure that, because they have skin in the game, they will make the right decision for their business in their particular sector.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Is the Minister aware of how important literary houses in the UK are to visitors from overseas and from this country? I chair the John Clare Trust—he was one of our greatest poets of the countryside and environment. It is very difficult these days to get a brown sign or any help to put such attractions on the map. Can the Minister help us?

John Penrose: The hon. Gentleman is absolutely right that our listed houses are major tourist attractions, and that includes our great heritage houses and the smaller and more modest places that are listed. If he is interested in promoting them more effectively, and I applaud his efforts in doing so, he should speak first with his local tourist board, which will be refocused in the way I have explained. We are also evaluating whether there are other ways to improve things such as signage, and not just brown signs, but signs at major transport interchanges, such as those that direct people on how to get to a particular attraction once they have arrived at a train station. All those points are essential, and should be handled by the newly refocused and, I hope, revitalised local tourist boards.

Grass-roots Sport

2. **Mr David Evennett** (Bexleyheath and Crayford) (Con): What proportion of sport governing bodies have committed to spend 30% of their broadcast income on grass-roots sports. [34701]

The Minister for Sport and the Olympics (Hugh Robertson): As these are the first departmental questions since the new year, I will start by putting on the record—I am sure that I speak for all hon. Members—our congratulations to the England cricket team on their triumph in Australia this winter.

At the same time as announcing the decision on listing of sports television coverage in the summer, I challenged sports to take a hard look at what more they could do to increase the proportion of their broadcast income that they spend on their grass roots. I am delighted to say that on 22 December all six of the governing bodies that are part of the Sport and Recreation

Alliance's voluntary code committed to ensure that at least 30% of the net revenues from their UK broadcasting rights are reinvested. In total, that means that at least £250 million a year will go to grass-roots sport.

Mr Evennett: I thank my hon. Friend for his reply, which is welcome news for sport, and I am sure that we all congratulate him on what he is doing. Can he confirm that, together with reforms to the national lottery, that will mean that funding going to grass-roots sports will be higher at the end of this Parliament than it was under the previous Labour Government?

Hugh Robertson: That is indeed correct. Sport England will experience a small dip next year, but after that the lottery reforms kick in and its income will be up by 14% at the end of this comprehensive spending review period.

Richard Harrington (Watford) (Con): At the end of November, the Under-Secretary of State for Culture, Olympics, Media and Sport, my hon. Friend the Member for Wantage (Mr Vaizey), announced that he was setting up a UK film forum to plot the progress of UK film industry funding. Can the Minister for Sport and the Olympics inform the House whether the forum has met and what progress has been made?

Mr Speaker: Order. We are talking about sport, and I thought the hon. Gentleman was going to request a similar facility in relation to sport.

Richard Harrington: The point is that it is a form of sport for me.

Mr Speaker: Right. A one-sentence reply from the Minister will suffice.

Hugh Robertson: It is probably safest to say that that is a very helpful suggestion and I will look at it.

Mr Speaker: I am grateful to the Minister and to the hon. Gentleman.

Liz Kendall. Not here. I call Heidi Alexander.

Olympics (Economic Legacy)

5. **Heidi Alexander** (Lewisham East) (Lab): What recent discussions his Department has had with the Department for Communities and Local Government and the Greater London authority on the economic legacy of the London 2012 Olympic and Paralympic games. [34705]

The Minister for Sport and the Olympics (Hugh Robertson): We are working closely with the Department for Communities and Local Government and the Greater London authority to ensure an economic legacy for London, and we are in regular contact with the six east London host boroughs. London businesses, including five in the borough of Lewisham, which I know will please the hon. Lady, have already won from the Olympic Delivery Authority contracts with a total value of more than £3 billion.

Heidi Alexander: May I press the Minister on the affordability of the housing that will be available in the athletes village once the games are over, particularly the flats that will be up for sale on the private market? On a recent visit to the Olympic site, I was told that the anticipated asking price for a two-bedroom flat is between £350,000 and £400,000. Does the Minister agree that that puts those properties out of reach of the vast majority of ordinary people and, in particular, ordinary Londoners?

Hugh Robertson: I shall answer the question in two parts. Let us remember that a considerable portion of the houses in the Olympic village has already been acquired by Triathlon Homes as affordable housing; that is very much a key part of the scheme. In terms of what happens to the Olympic village after the games, we have been extremely careful with the expressions of interests that we have looked at precisely not to put housing values on it, so I do not know where the hon. Lady got that figure from. It might be a market guesstimate, but it is no more than that at the moment.

Tessa Jowell (Dulwich and West Norwood) (Lab): I am sure we all agree that the economic legacy of the Olympic park will be in part secured by identifying a long-term tenant for the Olympic stadium. Does the Minister therefore agree that when we bid to host the games, the bid book was clear that the stadium's legacy would have athletics at its core, with associated multi-sport availability for the local community? Does he also recognise that the Olympic Park Legacy Company will make a decision on the tenant on 28 January? There are two contenders, Tottenham Hotspur and West Ham football clubs, but does he agree that only the joint bid from Newham council and West Ham football club fulfils the commitments we made when we won the games?

Hugh Robertson: The right hon. Lady is of course correct. At the time of the bid, the commitment was to leave a 25,000-seater mixed-use stadium, with athletics at its core, so we have already broken a part of that, in that there is not going to be—I would guess—a 25,000-seater stadium. I hear what she says about the future of the Olympic stadium, as I have had my ear bent on the issue by a number of hon. Members. The Olympic Park Legacy Company is going through a quasi-judicial process, so it would be inappropriate for me to comment either way at this stage, but I hear what she says.

Community Broadband

6. **Dr Daniel Poulter** (Central Suffolk and North Ipswich) (Con): What recent progress he has made on the roll-out of community broadband; and if he will make a statement. [34706]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): My officials continue to engage with local authorities, local enterprise partnerships and the devolved Administrations regarding the next wave of funding for superfast broadband as part of the £530 million that we have secured from the TV licence fee settlement. The next locations for funded projects are due to be announced in May 2011.

Dr Poulter: As the Minister is aware, Suffolk is a particularly rural county that will derive significant economic benefits from the widespread deployment of high-speed broadband. He will be aware also of our

advanced stage of preparedness in having a public-private partnership to deliver it, so will he please be a little more specific and tell us when he is going to announce the timeline for the next delivery phase of those broadband projects?

Mr Vaizey: I am delighted to do that. We have set aside £50 million for the next wave of superfast broadband projects, and as we hope to announce the winners in May, we will shortly be tendering for them.

Mark Tami (Alyn and Deeside) (Lab): What discussions has the Minister had with BT and other suppliers who still produce maps showing broadband coverage, sign people up and take their money, only for them to find that broadband does not work and probably will not work for many years?

Mr Vaizey: We regularly have discussions with the operators on the advertised broadband speeds that they put out. As Ofcom and the Advertising Standards Authority have made clear, it is very important that broadband operators should be clear about what speeds are available. However, I am happy to pursue further the point that the hon. Gentleman raises.

Ian Swales (Redcar) (LD): Is the Minister aware that in many parts of the country broadband access is quite good in domestic premises, because the roll-out of cable TV has dealt with domestic problems, but often very poor in commercial premises in high streets and business parks?

Mr Vaizey: Yes. It is important to emphasise that even in an area where, in theory, superfast broadband already exists, there will still be patches where the broadband connections are not as good. That is why we have set aside such a substantial sum of money to help with the roll-out of broadband.

Olympics (Scotland)

7. **Jim McGovern** (Dundee West) (Lab): What plans his Department has to enable Scotland to benefit from the London 2012 Olympics. [34707]

The Minister for Sport and the Olympics (Hugh Robertson): The UK Government have set out their plans to make the most of the games for the UK as a whole. Twenty-three businesses registered in Scotland have won work supplying the Olympic Delivery Authority and 36 contracts have been awarded to Scottish businesses through CompeteFor, the online brokerage service. In addition, I regularly meet the Scottish Government to ensure that Scotland continues to benefit from London 2012 and to support their plans for the Commonwealth games in 2014. I am meeting sports Ministers from the devolved nations next month.

Jim McGovern: I thank the Minister for his response. Next year, it will be four years since Team GB's fantastic showing in Beijing. I am delighted to say that one of the supreme athletes of that team, Chris Hoy, said at the time when he won his medals that he was proud to be Scottish but also proud to be part of the UK team, and that he could not have achieved what he did had he not been part of it. I think that that sentiment would be echoed by almost all Members of this House apart from the separatists. Might the Government produce a report, or send me a letter, outlining exactly what benefits Scotland will see from the 2012 Olympics?

Hugh Robertson: Yes, certainly. To some extent, I answered that question when I said that 23 businesses have won work and 36 contracts have been achieved through CompeteFor. Many Scottish athletes play a key part in our Olympic preparations; the hon. Gentleman mentioned one of many. The Scottish team is an integral part of Team GB and will, I am sure, contribute greatly to what I hope will be a record-busting haul at the London Olympics.

Pete Wishart (Perth and North Perthshire) (SNP): Is it not the truth, though, that Scotland will get absolutely zilch from the London Olympics? Written questions have revealed that out of 1,433 tier 1 contracts, Scotland has secured a measly 25. Yet the Minister will still not agree to apply the Barnett consequentials, which means that Scotland is owed some £165 million. Does not that make an absolute joke of the claim by Conservatives and Labour that this is a games for the whole country, when it is clearly a games for England and the south-east?

Hugh Robertson: My definition of zilch is not 23 businesses and 36 contracts—that is not zilch in anybody's language, even Scottish. Also, Scottish athletes will benefit from the changes made to the lottery. I would say to the hon. Gentleman that 23 businesses, 36 contracts and a lot of athletes is not zilch.

Creative and Leisure Industries

8. **Shabana Mahmood** (Birmingham, Ladywood) (Lab): What steps his Department is taking to support jobs and economic growth in the creative industries and leisure sectors. [34708]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): The creative and leisure industries have an important role in driving economic growth. We are therefore undertaking a number of initiatives to support these sectors, including a digital and creative industries growth review, the creation of Creative England, which will have a hub in Birmingham, a new overseas marketing fund for tourism, and the development of a new tourism strategy that will help to support the growth in tourism and leisure industries.

Shabana Mahmood: My constituency includes some major employers in the leisure, creative and tourism industries, from the premiership football clubs, Aston Villa and Birmingham City, to the Symphony hall and Hippodrome theatre. With the regional development agencies being abolished and local enterprise partnerships having no statutory role to promote tourism, what are the Government doing to support these vital jobs in my constituency?

Mr Vaizey: I understand that Visit England has a transition team, which the hon. Lady should call. I take this opportunity to heap praise on Birmingham as a creative and cultural centre. Perhaps everyone in the House could welcome the new Birmingham central library, in which some £200 million is being invested—a good news story for libraries.

High-speed Broadband

9. **Julian Smith** (Skipton and Ripon) (Con): What recent discussions he has had with representatives of the telecommunications industry on the delivery of high-speed broadband. [34709]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): I am working intensively to ensure that the UK has the best superfast broadband network in Europe by 2015, and I am in constant contact with a wide range of telecoms companies and other stakeholders in that connection.

Julian Smith: On 19 February, I and other North Yorkshire MPs from across the House will host the Ripon conference to celebrate North Yorkshire's winning one of the superfast broadband pilots. It will bring together members of all parts of the community to consider how superfast broadband can made a difference to every part of North Yorkshire. Will he send a message to the conference or, hopefully, attend it?

Mr Vaizey: I congratulate my hon. Friend and the people of North Yorkshire on getting one of the pilots. I hope that I can make it to the conference. I spent new year's eve in North Yorkshire before continuing my holidays in Newcastle.

Stephen Timms (East Ham) (Lab): Following the unfortunate conversation between the Secretary of State for Business, Innovation and Skills and journalists from *The Daily Telegraph*, the whole of telecommunications policy has been vested in the Department for Culture, Media and Sport. What steps will the Secretary of State for Culture, Olympics, Media and Sport take to ensure that the Department takes full account of the interests of internet users and service providers, as well as the content providers that have been its historical interest?

Mr Vaizey: As the right hon. Gentleman knows, a number of officials will move over from the Department for Business, Innovation and Skills—indeed, they used to work for him. They are very experienced in working with internet service providers and others.

Mr Don Foster (Bath) (LD): About 50% of households have access to high-speed broadband, but sadly only about 0.2% of them have bothered to sign up. Does the Minister agree that if we are to get what he wants, which is the best high-speed broadband in Europe, we have to stimulate demand for it? Does he agree that the BBC should use some of the money allocated to it for this area of work to stimulate demand, rather than just building infrastructure?

Mr Vaizey: It is important to make it clear that the money from the TV licence fee will be used to roll out superfast broadband, but an important part of our broadband strategy—what is known as demand stimulation—is that more people take up superfast broadband. Martha Lane Fox and others are working to increase take-up of broadband.

Mr Denis MacShane (Rotherham) (Lab): I welcome what the Minister is saying. This matter segues into the Government's proposal for more local television, which I also welcome. There is local town TV in Canada, Australia, New Zealand and much of Europe, but very little in Britain. I urge the Government to resist the big broadcasting monoliths and vested media interests, who will not like this proposal. Can Rotherham have an early experiment with local TV, because I do not feel that I get quite the airtime that I should on the national networks? I am sure that if there were a local TV station in Rotherham, I would appear at least once a month.

Mr Vaizey: The right hon. Gentleman has given a clear signal to this House why every hon. Member should support the roll-out of local television—the flagship policy of this Department.

Football Governance

10. **Jessica Lee** (Erewash) (Con): What plans he has to bring forward proposals on football governance; and if he will make a statement. [34710]

The Minister for Sport and the Olympics (Hugh Robertson): In line with the commitment in the Government's coalition agreement, I am in discussion with the football authorities on what further steps they can take to bring about further governance reform and a greater involvement for supporters in their local clubs. I hope to set out the way forward in this area by May. I will take a close interest in the inquiry that the Culture, Media and Sport Committee is conducting on this issue.

Jessica Lee: Last year, the future of Ilkeston Town football club in my constituency of Erewash was in doubt because of difficulties. New owners were secured, and I am sure that the Minister will join me in wishing them all the best for the future. It was the efforts of local residents, who submitted a supporters' bid, that really caught the imagination locally. Will he set out in more detail what efforts the Government are making to advance this interesting policy area?

Hugh Robertson: I absolutely hear what my hon. Friend says. It was our intention to bring forward plans in the new year, but in view of the huge interest in the matter throughout the House, which was evidenced by a debate in Westminster Hall, we thought it sensible to let the Culture, Media and Sport Committee look into it first, as it had announced its intention to do so. We will consider that report before deciding what further steps to take.

I acknowledge my hon. Friend's point about her football club and the role that supporters have played. The problem we have historically had in this country is that there are many different types of football club ownership, which makes a one-size-fits-all solution hard to get to.

Mr Philip Hollobone (Kettering) (Con): Premier league footballers are vastly overpaid, premier league clubs are hugely in debt and our national football team is, in many ways, a disgrace. Meanwhile, in the real world, non-league clubs such as Kettering Town football club are struggling to provide suitable ground facilities despite massive fan support. Does the Minister agree that football as it is in this country at the moment faces an unsustainable future unless governance issues are properly sorted out?

Hugh Robertson: I absolutely agree with my hon. Friend that football governance issues need attention and action, which I believe is precisely why the Select Committee has responded to the anxiety throughout the House and announced its investigation.

If we look across all sports, it is clear that football is the worst-governed sport in this country, without a shadow of a doubt. When Labour was in government, it often made the point that the levels of corporate governance in football lagged far behind other sports, which are by no means beacons in that regard. Action is needed and the Government will take it, but we want to see the results of the Select Committee report first.

BBC Governance

11. **Robert Halfon** (Harlow) (Con): What recent assessment he has made of the effectiveness of the governance arrangements for the BBC; and if he will make a statement. [34712]

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): We have made good progress in improving governance at the BBC, including the announcement made in September by my right hon. Friend the Member for Bath (Mr Foster) about allowing the National Audit Office unfettered access to BBC accounts.

Robert Halfon: I thank my right hon. Friend for that answer. When considering the governance of the BBC, will he also examine BBC impartiality? On "The Alan Davies Show" last year, BBC employees likened the Freedom Association to the British National party and its founder, the late second world war hero Norris McWhirter, to one of Mosley's brownshirts. When I wrote to the BBC I received a ridiculous letter from Mark Thompson refusing to apologise. Will my right hon. Friend demand that the BBC starts to live up to the obligation in its own charter?

Mr Hunt: I agree that impartiality at the BBC is paramount and that the particular comments to which my hon. Friend refers were totally inappropriate. I can understand why many people found them offensive. By way of reassurance, I say to him that in the selection process for the new chairman of the BBC Trust, which is responsible for impartiality, we have said that all candidates must show commitment to improving governance at the BBC. I hope that these issues will continue to be addressed.

Mr Ivan Lewis (Bury South) (Lab): The Secretary of State and I agree about the importance of the impartiality of the BBC. With the withdrawal of Sir Howard Davies from the shortlist for the chairmanship of the BBC Trust, there is growing speculation that the favourite is now the former chairman of the Conservative party. In those circumstances, it is particularly important that the appointment process is transparent. Will the Secretary of State therefore agree that the all-party Culture, Media and Sport Committee should scrutinise the two candidates referred to him by the appointment panel before he makes a recommendation to the Prime Minister?

Mr Hunt: Let me reassure the shadow Secretary of State that the process is transparent and fair. If he does not like it, he and the last Labour Government should not have set it up when they established the BBC Trust.

Dr Julian Lewis (New Forest East) (Con): I thank the Secretary of State, from the bottom of my heart, for what he said about the disgraceful attack on the reputation of Norris McWhirter, whom the BBC was delighted to have as one of its star celebrities for decade after decade. May I tell him that I worked with Norris McWhirter for many years in politics, and one could never find a more dedicated opponent of totalitarianism? That is hardly surprising given that at the age of 17, he volunteered for the Royal Navy and took part in one of the most successful anti-U-boat organisations in the battle of the Atlantic. It was a particular disgrace that someone—David Baddiel—who, like me, is from a Jewish background, should denounce that admirable man as a fascist or a Nazi sympathiser simply because he disagreed with him politically.

Mr Speaker: On the BBC, I call the Secretary of State.

Mr Hunt: I echo what I said about the importance of impartiality, and say simply to my hon. Friend that given his sustained interest in that, many people at the BBC are gutted that he did not put his name forward for the chairmanship of the BBC Trust.

BBC World Service

12. **Jo Swinson** (East Dunbartonshire) (LD): What recent discussions he has had on future funding of the BBC World Service. [34713]

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): We had a number of discussions on funding for the BBC both with the BBC and with the Foreign and Commonwealth Office in the context of licence fee discussions.

Jo Swinson: For those living in countries where free speech is threatened or non-existent, the BBC World Service provides a vital and powerful source of unbiased information. I welcomed the Foreign Secretary's reassurance back in September that the Burma operation is unlikely to face closure, but will the Secretary of State reassure the House that he is working with his Cabinet colleagues and the BBC to ensure that in countries that face significant political upheaval, that voice of independent free speech will be upheld?

Mr Hunt: I wholeheartedly agree with my hon. Friend about the outstanding beacon for freedom that the BBC World Service represents, not least given the lifeline it offered to the people of Haiti and the 3.1 million people who are reported to use it in Iran. She is absolutely right. If it is any reassurance, closure of any language service must have the written consent of the Foreign Secretary. We are confident that the BBC World Service can sustain its current plans.

Access to Culture (Young People)

13. **Alison McGovern** (Wirral South) (Lab): What proportion of his Department's expenditure for 2010-11 supports access to culture for young people; and if he will make a statement. [34714]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): My Department invests more than £1.6 billion into our sponsored bodies and much of it is fundamentally connected to improving children's and young people's access to the fantastic culture that we enjoy in this country. We are working closely with the Department for Education on a review of music education, and will shortly announce details of a review of cultural education, to ensure that we are taking the best approach to investment in, and the delivery of, culture for young people.

Alison McGovern: Now that young people have lost their education maintenance allowance and their free theatre ticket scheme, "A night less ordinary", and that we know that there is no replacement in a good education for access to live music and theatre and other arts, what action will the Minister take in these very difficult circumstances for the cultural sector to ensure that young people, and especially those from poorer backgrounds, are not the ones who lose out?

Mr Vaizey: I absolutely agree with the hon. Lady's sentiments. I know that she used to work for Creative Partnerships and was a trustee of the South London gallery. She will know full well that almost all our cultural organisations work extremely hard to ensure access for young people to their work. We will continue to work with them and the Department for Education to ensure that that is maintained.

BSkyB

14. **Kevin Brennan** (Cardiff West) (Lab): When he expects to reach a decision on whether to refer to the Competition Commission the News Corporation bid for BSkyB. [34715]

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): I will take as much time as necessary to come to a considered decision on this very important issue.

Kevin Brennan: As a former Minister with responsibility for competition in the Department for Business, Innovation and Skills, I know that the Secretary of State will want seriously to consider the evidence and not to prejudge what should be done in this case—unlike his predecessor. However, does he agree that given his own very high-profile comments about Rupert Murdoch and BSkyB, it might be sensible in this case, in which justice needs to be seen to be done as well as to be done, for him to hand over the decision to someone who will be seen to be more impartial, if not actually more impartial?

Mr Hunt: This is not a decision about Rupert Murdoch or his business; it is a decision about whether a specific transaction will affect plurality. I am approaching that decision with total impartiality and following strict due process.

Duncan Hames (Chippenham) (LD): What purpose does the Secretary of State believe is served by ministerial discretion on such decisions when Parliament could instead empower the Competition Commission to instigate such investigations on its own initiative?

Mr Hunt: Ministerial discretion is restricted to what is reasonable and fair in the eyes of the law. The process was set up in the Enterprise Act 2002 by the previous Government. It is incredibly important that due process is followed at every stage. We will publish exactly what we have done and whom we have met at every stage of the process when I make my decision, in order for Parliament to be able to scrutinise the process and ensure that it has been totally fair and impartial.

Mr Ivan Lewis (Bury South) (Lab): I am sure that the Secretary of State would accept that the Government's handling of this quasi-judicial responsibility has been nothing short of a constitutional disgrace. The Business Secretary was stripped of his responsibilities because he

"declared war on Mr Murdoch",

the Culture Secretary is on record as saying that he sees no problem with this particular deal, and the Prime Minister has now been found tucking into turkey in the middle of the process with the chief executive of News International. What breathtaking arrogance and contempt for their constitutional responsibilities!

Will the Secretary of State now tell the whole House whether he intends to meet any of the concerned parties before making a decision on this referral? Will he also release the Ofcom report—he has the ability to do so—in advance of making his decision, so that the House can be reassured that his judgment is impartial?

Mr Hunt: I remind the shadow Culture Secretary that when the right hon. Member for Edinburgh South West (Mr Darling) made the decision on the Sky ITV purchase he published the Ofcom report when he announced his decision, so I am doing nothing different to what he did. On the issue of impartiality, I say this:

"Rupert Murdoch"—

has

"been a force for good in improving the quality of broadcasting for British consumers".

Those are not my words, but those of the shadow Culture Secretary. I wish that he would stop sucking up to the Murdochs.

Topical Questions

T1. [34720] **Julian Smith** (Skipton and Ripon) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): I am pleased to announce that we have appointed three new non-executive directors to the Department's board. They are David Verey, who is the chairman of the Art Fund and former chairman of the Tate; Peter Bazalgette, who is the former chairman of Endemol; and Lord Coe, who is attending on an ex-officio basis as chairman of the London Organising Committee of the Olympic and Paralympic Games.

Julian Smith: Many young people across north Yorkshire will be hoping to get tickets for the Olympics when they become available next month. How can we ensure that travel costs do not become a limitation for young people coming from the regions and hoping to take advantage of this fantastic event?

Mr Hunt: My hon. Friend is right to say that we want the Olympics to be something that is exciting for everyone throughout the whole country. On the specific costs of travelling to London, I suggest that he talks to his rail company to see whether it can help out. We wish him every success, and will give him every support we can, in that process.

Gloria De Piero (Ashfield) (Lab): The Labour mayor of Lewisham says that he did not seek election to close down libraries, but that is the scale of the cuts. In Milton Keynes, a Liberal Democrat councillor says that the financial challenge means that money will be taken out of the library service. My local council in Nottinghamshire, run by the Conservatives, tells me that, to reduce expenditure, 28 libraries will reduce their opening hours. So councils of all colours do not want to reduce library provision, but the Government are forcing them to do so. What will Ministers do about it?

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): I remind the hon. Lady that one of the reasons why councils have reduced funding is the economic mess that her party left this country in; that is why they are having to make the tough decisions that they are having to make. We are not standing by: I have contacted all local authority to remind them of their statutory duty and the Museums, Libraries and Archives Council continues to work closely with a number of authorities on their proposals for the future of their library services.

T3. [34722] **Mr Aidan Burley** (Cannock Chase) (Con): A campaign group in my constituency has recently submitted an expression of interest in applying for an FM licence to run the first community radio station covering the whole area, to be called Chase FM. Can the Minister assure me that part of the community radio fund will still be available for new licence applications such as that one, and will he join me in wishing Chase FM all the best with its application?

Mr Vaizey: We are strong supporters of community radio. We have set aside almost £500,000 this financial year for it, and that funding will continue for the rest of this Parliament. Ofcom is considering whether there should be a third round of community radio licences and I will keep my hon. Friend informed.

T2. [34721] **Mr Jim Cunningham** (Coventry South) (Lab): I noticed earlier that the Minister never really answered the question put by my hon. Friend the Member for Wirral South (Alison McGovern), so I will put it again. What assessment has the Minister made of the effect of the withdrawal of the education maintenance allowance on the participation by young people in the arts and the theatre?

Mr Vaizey: As I said in answer to an earlier question, several arts organisations provide fantastic opportunities for young people to access culture and education, and we will conduct a review of cultural education in the next few months which we hope will come up with recommendations that will enhance it.

May I take this opportunity to wish Chase FM the greatest of luck in applying for a community radio licence?

T5. [34725] **Anne Marie Morris** (Newton Abbot) (Con): Given the increasing reliance of businesses on the internet and the Government's commitment to economic growth, will the Minister assure me that he will favourably consider including rural Devon, which has some of the poorest internet coverage in the country, in the second phase of the broadband pilot scheme?

Mr Vaizey: As I said earlier, we hope to set up a second round of pilots for broadband roll-out, for which we have set aside £50 million, but obviously that process is being run by Broadband Delivery UK, and it would be wrong for Ministers to favour one area above another.

Ian Austin (Dudley North) (Lab): We would obviously like to associate ourselves with the Minister's congratulations earlier to the England cricket team. However, he also claimed that funding for grass-roots sport will be higher at the end of the Parliament than it was at the beginning. How can that be the case, when local teams and clubs up and down the country are on the front line of cuts and facing higher fees and charges to hire pitches, sports halls and pools, and when local sports co-ordinators and county sports partnerships are sacking staff, all as a result of the cuts to local government spending imposed by his Government? What assessment has he made of the impact that local government finance will have on grass-roots sport, and what discussions has he had with his colleagues at the Department for Communities and Local Government?

The Minister for Sport and the Olympics (Hugh Robertson): I gave the answer I did because, according to the figures and projections for Exchequer and lottery funding to Sport England, the latter received £249 million this year and will receive £284 million by the end of the Parliament. That is a 14% increase by anybody's maths. On local authorities, we are looking at the matter closely, and I am sure that the hon. Gentleman will join me in trying to convince and reassure local authorities that they should not be closing sport and leisure facilities. There is no reason for them to do that—it is a choice they have to make—and I would encourage all of them to continue to build on the considerable investment that the Government are making in sport, both through UK Sport, Sport England and the London—

Mr Speaker: Order. I am grateful to the Minister.

Greg Mulholland (Leeds North West) (LD): I am delighted that the Government have committed to backing the 2013 rugby league world cup, but there remains a concern that with the abolition of regional development agencies some significant funding from those sources will no longer be available. Will the Minister reaffirm the Government's commitment and perhaps update the House on discussions with the Rugby Football League about ensuring that this important tournament is a big success?

Hugh Robertson: Absolutely. I can confirm the answer that I gave on this subject during, I think, the previous Culture, Media and Sport questions or the ones before that: I have made it absolutely clear that all world cups, in whatever sport, should be treated on exactly the same

basis, and I have written to the chief executive of the RFL to confirm that. I am aware that there is an issue, however, because the regional development agency has withdrawn its offer of funding. Those involved are trying to work through that, and I will do everything that I can to help.

T4. [34724] **Gemma Doyle** (West Dunbartonshire) (Lab/Co-op): My constituency is in central Scotland, and is neither rural nor isolated, but it does suffer from probiems with broadband coverage. At the moment, it is falling between the cracks of action—or rather inaction—between what industry is doing and what the Government are doing. What will the Government do to help constituencies such as mine, and will West Dunbartonshire be considered as one of the pilot programmes to be announced later this year?

Mr Vaizey: I will say again that we have set aside £530 million for broadband. We are starting with four pilots in the next few months, and will be announcing another four pilots—or possibly even more—in May 2011. We continue to engage through Broadband Delivery UK with regions across the United Kingdom, and I would urge the hon. Lady to work with her local councillors and BDUK.

Jake Berry (Rossendale and Darwen) (Con): Areas served by relay transmitters, such as Darwen, Whitewell, Newchurch, Bacup and Whitworth, receive about 15 Freeview channels, while those served by a main transmitter receive up to 40. Before switchover is complete, will the Minister confirm whether he has any plans to deal with this digital deprivation?

Mr Vaizey: I understand my hon. Friend's concern on behalf of his constituents, and it is good that he has raised it. There has never been universal television coverage. About 90% of television viewers get the full range of Freeview channels, and about 98.5% get the basic 15. I will be happy to have discussions with him. This is a commercial decision for the operators, but it is worth having a dialogue.

Tristram Hunt (Stoke-on-Trent Central) (Lab): Among the great cultural gems of this country are the regional museums of England, such as the People's History museum in Manchester, so why is this most philistine of Governments withdrawing funding from these great museums, given that they know that local authorities cannot pick up the tab?

Mr Vaizey: I object to the Government being described as a philistine Government, particularly by one of the country's leading television historians. He and I are working extremely closely on preserving the Wedgwood collections, and I hope he is not thinking, "Philistine, philistine" as we sit down for our discussions. Funding is tight because his philistine Government bankrupted the country.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Is the tourism Minister aware that because One North East did all its tourism promotion work in-house it fell foul of the Government's advertising ban, and that there is currently no promotion of the fantastic attractions of Northumberland? Will he work to ensure that a business-led alternative can get into place quickly?

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (John Penrose): I am aware of the problem; indeed, my right hon. Friend and I had a conversation about it in the Lobby yesterday evening. There are isolated examples of such issues in different parts of the country, depending on what has been happening with RDAs and their wind-down. As we discussed last night, I would urge him to speak to the transition team at VisitEngland and, if necessary, its chief executive, James Berresford. VisitEngland has a team specifically set up to help midwife the change from the old regime to the new, but if my right hon. Friend has any problems, he should let me know.

T6. [34726] **Alison McGovern** (Wirral South) (Lab): My constituents in Wirral currently enjoy the regional television that exists. Although we offer a cautious welcome to the Secretary of State's proposals for local television, there is a fear about what might happen to that which we already enjoy. Can he say more about how he will protect the quality of local television services?

Mr Jeremy Hunt: Let me reassure the hon. Lady that we are interested in this issue because we want local television to be more local and better than it is. One of the problems with regional television at the moment is that the footprint is so large that it is difficult to put out programming and news that have the impact that real local television has. I have every confidence that what we announced yesterday will make a huge difference to her constituents in the Wirral.

Mr Kevan Jones (North Durham) (Lab): The Minister might consider the failure of north-east tourism to be able to promote itself—a failure caused by the cuts that this Government have imposed—to be an isolated problem, but it is a real problem in the north-east. If he takes the trouble to visit the north-east, I am sure that an array of critics in the north-east tourism industry, including the National Trust, will make their feelings well known to him.

John Penrose: As I hope I have made clear, I am aware of the issues. I would be delighted to come to visit some of the north-east's impressive tourism attractions, including such places as Holy island and many others. I would love to do that in due course, but if the hon. Gentleman has specific examples of problems in his area, I would repeat what I said to my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) earlier, which is that there is a team specifically set up at VisitEngland to cope with precisely those issues.

Ian Lavery (Wansbeck) (Lab): The Government claim that the Olympic games would benefit the whole of the UK. Does the Minister agree that the 0.17% of contracts awarded to firms in the north-east is absolutely disgraceful and another kick in the teeth for the region?

Hugh Robertson: No, I would not, because all such contracts have to be competed for on a commercial basis, as the hon. Gentleman needs to be aware, and there are strict rules that govern that. He is perfectly well aware that we cannot simply award contracts to one part of the country because it has not had enough before. What firms in those parts of the country should

be doing is putting in competitive contracts because, as we heard in previous answers, many of those contracts have been awarded to British firms.

LEADER OF THE HOUSE

The Leader of the House was asked—

IPSA (Liaison Group)

1. **Simon Hart** (Carmarthen West and South Pembrokeshire) (Con): What progress has been made on the creation of a liaison group between hon. Members and the Independent Parliamentary Standards Authority. [34728]

The Leader of the House of Commons (Sir George Young): My hon. Friend will be aware of your statement on this matter yesterday, Mr Speaker. I welcome the initiative, and I understand that the liaison group will meet soon.

Simon Hart: At present, IPSA costs the taxpayer more than its predecessor and employs one member of staff for every nine Members of Parliament. Its bureaucracy is so complicated that it takes staff roughly 1,700 calls a week to unravel its complexities. Does the Leader of the House consider that to be progress, and could he do the taxpayer a great service by offering assistance in haste to the parliamentary standards—

Mr Speaker: Order. I think we have got the gist of it, but the hon. Gentleman's question was too long.

Sir George Young: I agree with my hon. Friend: there are opportunities to drive down the costs, and not just for IPSA, but for Members and their staff who have to operate the system. The existing regime was set up to a challenging timetable, and IPSA is the first to recognise that improvements can be made. I hope that my hon. Friend will respond to the review that is under way and put forward suggestions for reducing the costs on both sides of the equation.

Mr Kevan Jones (North Durham) (Lab): Does the Leader of the House agree that the comments made over Christmas by a member of the IPSA board—comments that were ill-informed and insulting to many Members of Parliament—were not helpful in building a positive relationship between this House and IPSA? Could he put those comments on the agenda for the liaison group's first meeting?

Sir George Young: I agree with the hon. Gentleman that those comments were not helpful. I hope that one of the benefits of setting up the liaison group will be that we will now have a proper forum for consultation between IPSA and the House, and that there will be no need to resort to public acrimony in the newspapers. I hope that we will be able to have a sensible discussion and iron out some of the real difficulties that exist, without experiencing the kind of incidents to which the hon. Gentleman has just referred.

Nicky Morgan (Loughborough) (Con): Earlier this week, because IPSA had failed to tell me that it had put in place a direct payment to my landlord of my London rent, as I had requested, I also paid her for my January rent. This makes for one very happy landlord and one less happy bank manager. Does my right hon. Friend agree that better communication between IPSA and MPs is vital if the expenses system is to operate in a fair and efficient way?

Sir George Young: I am sorry that my hon. Friend has had to dig into her own resources to pay her landlady twice. One of the initiatives that I and other Members are anxious to drive forward is the removal of the need for payments to go in and out of MPs' bank accounts. If we can move more towards direct payments by IPSA or the use of a credit card, the sort of misunderstanding that has just occurred could be avoided.

Helen Jones (Warrington North) (Lab): I declare an interest, as a member of the new liaison group. The House has made it clear that IPSA must reform to provide a simpler, cheaper and non-discriminatory expenses system, and the Prime Minister has told it that it must "get a grip". What assurances has the Leader of the House had from IPSA that advice from the new liaison group will be take seriously in shaping that reform? Can he also tell us what tests the Government will apply in deciding whether IPSA has reformed itself sufficiently or whether further action needs to be taken?

Sir George Young: I welcome the fact that the hon. Lady will be serving on the liaison group; she will make a really positive contribution to its proceedings. IPSA will take the new body seriously, because it was set up at IPSA's suggestion. On her last point, it will not be for the Government to decide whether IPSA has responded to the challenges that she has outlined; it will be a matter for the House.

HOUSE OF COMMONS COMMISSION

The hon. Member for Caithness, Sutherland and Easter Ross, representing the House of Commons Commission, was asked—

Savings Programme

2. **Hugh Bayley** (York Central) (Lab): What assessment the House of Commons Commission has made of the effects of its savings programme on the ability of Committees of the House to scrutinise the work of the Executive. [34729]

John Thurso (Caithness, Sutherland and Easter Ross): A guiding principle of the savings programme, as agreed by the Commission and the Finance and Services Committee, is that it must not damage the ability of the House to scrutinise the Executive. The Commission is confident that the savings being made in 2011-12 will adhere to that principle and enable Committees of the House to continue to fulfil their vital scrutiny role, and this is a matter that we will keep a close eye on.

Hugh Bayley: I welcome the hon. Gentleman to his new role. I understand why the House is making savings, but we would not find it acceptable if budget cuts prevented a quarter of our Members from travelling to Westminster to attend debates or Committees. A few of

our Select Committees exist specifically to scrutinise the impact and effectiveness of Government policies and expenditure abroad. Does the House of Commons Commission accept that it is sometimes essential for those Committees to travel to other countries, and that, when they do so, none of their members should be excluded from their meetings?

John Thurso: The hon. Gentleman is a noted member of the International Development Committee. There will be £800,000 for Select Committee travel in 2011-12. That is a substantial sum of money at a time of financial stringency, and the Commission believes that it will be sufficient for those occasions on which an overseas visit makes an essential contribution to an inquiry. The Committees that the hon. Gentleman has mentioned will have a clear claim to be making essential inquiries, but the way in which the budget is used is ultimately a matter for the Liaison Committee.

Mr Tom Watson (West Bromwich East) (Lab): I welcome the hon. Gentleman to his post as well; he will do a good job. Is he aware that younger, and—dare I say it?—more progressive Members of the House scrutinise the Executive using social media such as Facebook and Twitter? Twitter is free. Will he give us an unequivocal commitment that Members should be able to use Twitter to hold the Government to account?

John Thurso: I deeply regret to inform the hon. Gentleman that I am a dinosaur when it comes to the Twittery thing; I really have not a clue how it works. May I discuss the matter with him later to find out exactly what he is talking about?

LEADER OF THE HOUSE

The Leader of the House was asked—

Petitions

3. **Jake Berry** (Rossendale and Darwen) (Con): What recent progress he has made on the Government's plans to link petitions to debates in the House. [34730]

5. **Richard Ottaway** (Croydon South) (Con): What recent progress he has made on the Government's plans to link petitions to debates in the House. [34732]

6. **Henry Smith** (Crawley) (Con): What recent progress he has made on the Government's plans to link petitions to debates in the House. [34733]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): As the Leader of the House has said, the Government will move the online petition system to the Directgov portal soon—certainly before the summer. Officials are now working on an effective verification system to ensure that petitions become a useful tool for engaging with the Government, in contrast to the gimmicky approach of the previous Government's No. 10 petition site. My briefing notes say that, at this point, I should use the pseudo-word "clicktivism", a neologism as ugly as it is unintelligible. I have no intention of associating myself with it.

Jake Berry: I thank my hon. Friend for that answer. He is, I know, aware that the rail line between Manchester and Clitheroe is in desperate need of improvement. If the requisite number of signatures were collected by a "clicktivism" or anything else, could it be debated in this House and, if so, what impact does he think it would have on Government policy?

Mr Heath: That is exactly the sort of issue that might well commend itself for a debate via the petition system. I commend my hon. Friend for his vigorous campaigning on the issue. Rather than wait for that to happen, he might like to pursue the option of having an Adjournment debate in order to debate the matter further.

Richard Ottaway: Can the Minister say what a "direct portal" is? As I understand it, petitions were made to No. 10, so I hope he is going to confirm that petitions will now go to the House of Commons and that the House of Commons will debate petitions to it, not to No. 10.

Mr Heath: Well, the petitions will be to the House of Commons, but the Government's site will be used simply because it is there. The "Directgov" site is the common site for connexions via the internet to Government. I believe that the address is www.direct.gov.uk, so the hon. Gentleman might like to look at it and see whether it is a sensible portal to use—if he accepts the word "portal" at all.

Henry Smith: What will be the role of the Backbench Business Committee in government e-petitions?

Mr Heath: The Committee itself made it clear in its first special report that in determining what business should be taken, it would consider

"public petitions recently submitted to the House and petitions published on the Downing Street website—until such time as a system for electronic petitions to the House is implemented".

We very much welcome the Committee's continued interest in e-petitions as a source of debate, and we will work with it and with the Procedure Committee in making sure that we have a proper procedure for linking petitions to Parliament.

Thomas Docherty (Dunfermline and West Fife) (Lab): I am very surprised that the Deputy Leader of the House has not followed the Scottish Parliament system for public petitions, given that that has been widely praised both by his predecessor and by hon. Members on both sides of the House. Will he briefly outline why there is such a divergence between the 10-year-plus Scottish Parliament system and this system?

Mr Heath: I do not think that there is a huge divergence. We looked at the Scottish system and at whether it was applicable. The Procedure Committee, as the hon. Gentleman knows, has also looked at the issue. We have the Directgov site in place, and we are keen for people to be able to put petitions before the House at the earliest opportunity—and this provides the earliest opportunity. As I said, I hope we can get it up and running before the summer. If the Procedure Committee has further views on how the system could be changed in the future, we would certainly be open to its suggestions.

Pre-Adjournment Debate

4. **Mr David Amess** (Southend West) (Con): What assessment he has made of the effectiveness of the format of the pre-Adjournment debate held on 21 December 2010. [34731]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): May I say how much I welcome the decision of the Backbench Business Committee to retain the pre-recess Adjournment debate, which is a venerable institution, as indeed are the contributions of the hon. Member for Southend West (Mr Amess) to it, as they always provide a tour d'horizon of his constituency? We are always very pleased to know what is going on in Southend West.

Mr Amess: I congratulate the Backbench Business Committee and its excellent Chairman on their innovative work and I am delighted that all those who wanted to speak in that Adjournment debate were called, but does the Minister have any feel for whether the new arrangements have achieved the objectives on ministerial responses?

Mr Heath: I think that ministerial responses—I set aside my own efforts—were better than usual, simply because they were informed by a pre-knowledge of the topics that Members intended to raise.

Forty-five Members participated in the debate on 21 December 2010, compared with 23 in 2009 and 25 in 2008, and I believe that according to most measures that must be considered a success.

Natascha Engel (North East Derbyshire) (Lab): Not only did 45 Members speak, but every Member who wanted to speak was able to do so. The fact that six Ministers responded from the Dispatch Box made the occasion very popular with Back Benchers, and also ensured that they were much more able to hold the Government to account. The debate was in its usual slot, but does the Deputy Leader of the House welcome the fact that the Backbench Business Committee has done some innovating of its own?

Mr Heath: I think it is terrific that the Backbench Business Committee is prepared to consider new ways of doing things in order to establish whether we can improve the procedures of the House, and I can only congratulate it on doing so. I am particularly grateful to the hon. Lady for ensuring that I had sufficient time in which to address, at least briefly, the points raised in the debate.

I know—my right hon. Friend the Leader of the House will announce it later—that the hon. Lady's Committee has decided that there is scope for a debate on parliamentary reform, and I think that that too is extremely useful. We will work closely with the Committee in trying to do things better in future, and I hope that the hon. Lady will continue her good work.

Mr Philip Hollobone (Kettering) (Con): There is no reason why the end-of-term Adjournment debate need take place only at the end of term. It could take place on other occasions in the parliamentary timetable as well. Would the Deputy Leader of the House welcome that?

Mr Heath: I always welcome opportunities for Back Benchers to have their say on matters that concern them and their constituents, and I am always happy to make myself available to respond to such debates. I am sure that my ministerial colleagues would say the same.

HOUSE OF COMMONS COMMISSION

The hon. Member for Caithness, Sutherland and Easter Ross, representing the House of Commons Commission, was asked—

Procedural Data Programme

7. **Jo Swinson** (East Dunbartonshire) (LD): What progress the procedural data programme has made on the provision in electronic form to the *Official Report* of the text of answers to parliamentary questions. [34735]

John Thurso (Caithness, Sutherland and Easter Ross): On 16 December, the procedural data programme board agreed to the project initiation document for a pilot project on electronic delivery of answers. That pilot is due to end in March 2011. The project team will produce a report recommending next steps, which the board will consider in May.

Jo Swinson: I was astonished to learn of the inefficient process by which—in the 21st century—written answers are published in *Hansard*. They are typed in the Department and delivered by hand to the House as a print-out, at which point the *Hansard* reporters have to type them again. I am glad that the Commission is considering changing the process, but may I urge it to do so quickly, and to recognise that short-term costs such as the cost of the necessary software will be outweighed by long-term savings in staff time?

John Thurso: I am grateful to my hon. Friend for her approval of the steps that the Commission is taking. The process is somewhat complicated, not least because no two Departments use exactly the same technology when preparing answers, and a large amount of business analysis must be conducted to produce a sufficiently detailed understanding of their working practices. However, resource expenditure of £34,970 has been invested in the project, and we will work as expeditiously as possible to arrive at a resolution.

Robert Halfon (Harlow) (Con): Does my hon. Friend agree that we would save a huge amount of money if written answers and early-day motions were published electronically rather than being printed?

John Thurso: A key part of the savings programme as a whole is considering all the instances in which the use of electronic media would improve the service to Members and reduce costs, while also having the environmental benefit of reducing the use of paper. The Commission certainly intends to consider those matters.

Counter-terrorism

11.34 am

Ed Balls (Morley and Outwood) (Lab/Co-op) *(Urgent Question):* To ask the Home Secretary what the Government's policy is on 28-day pre-charge detention.

The Minister for Immigration (Damian Green): The Home Secretary is in Budapest at an informal meeting of the Justice and Home Affairs Council, so I will be responding on her behalf. As the Home Secretary, Prime Minister and Deputy Prime Minister have made clear, the first duty of any Government is to protect the British public and we will not do anything that risks our security. The arrests of individuals for terrorism-related offences before Christmas, the cargo bomb plot in October and the bombings in Stockholm in December have all demonstrated that the threat from international terrorism remains a serious one.

On 13 July last year, the Home Secretary announced that she was renewing the current order for 28-day pre-charge detention for six months, while the powers were considered as part of a wider review of counter-terrorism powers. As the Home Secretary will be giving a full statement to the House on Wednesday on the outcome of that review, it would be wrong of me to pre-empt her statement by giving details of the review today.

This Government are clear that the power to detain terrorist suspects for up to 28 days' detention before they were charged or released was meant to be an exceptional power—that was always Parliament's intention. But under the last Government, it became the norm, with the renewal of 28 days repeatedly brought before the House, despite the power rarely being used. Since July 2007, no one has been held for longer than 14 days, despite the many terrorists arrested since then. That is a testament to the efforts of our prosecutors, our police and our intelligence agencies.

As I said, the Home Secretary will, next Wednesday, announce to the House the findings from the wider review of counter-terrorism and security powers. She will set out the detailed considerations of the Government in determining whether the current regime of 28 days should be renewed and, if not, what should be put in its place. In the interim, I can announce that the Government will not be seeking to extend the order allowing the maximum 28-day limit and, accordingly, the current order will lapse on 25 January and the maximum limit of pre-charge detention will, from that time, revert to 14 days. We are clear that 14 days should be the norm and that the law should reflect that. However, we will place draft emergency legislation in the House Library to extend the maximum period to 28 days to prepare for the very exceptional circumstances when a longer period may be required. If Parliament approved, the maximum period of pre-charge detention could be extended by that method.

In the Government's announcement on the wider review, the Home Secretary will set out what contingency measures should be introduced in order to ensure that our ability to bring terrorists to justice is as effective as possible. This country continues to face a real and serious threat from terrorism. That threat is unlikely to diminish any time soon. The Government are clear that we need appropriate powers to deal with that threat but that those powers must not interfere with the hard-won civil liberties of the British people. There is a difficult balance to be struck between protecting our security and defending our civil liberties. The outcome of our counter-terrorism powers review will strike that balance, and it is this Government's sincere hope that it will form the basis of a lasting political consensus across the House on this fundamentally important issue.

Ed Balls: We are in the unusual constitutional position of having the Government make an announcement in response to an urgent question on a vital matter of national security. I shall return to that issue at the end of my comments.

First, I agree with the Minister that keeping the public safe and striking the right balance between security and the protection of liberties is a vital task facing any Government. That is why when I became Home Secretary—*[Interruption.]* When I became shadow Home Secretary, I told the Home Secretary that it was our intention, as a responsible Opposition, to support the Government on issues of national security and on the review of counter-terrorism powers. That was on the basis that decisions were made on the basis of evidence and were in the national interest, and that there was an orderly process.

That is still our intention, but this process has not been orderly—it has been a complete shambles. I am not referring only to the way in which this review has been delayed and delayed—it was first promised, last July, to be completed by the end of last summer. Nor am I referring only to the countless and very detailed leaks and briefings to the BBC on the outcome of the review. Such leaks have continued over the weekend—following my point of order of eight days ago—including to *The Sun* on the funding of surveillance. I have to say that this is no way to make announcements on vital issues of national security.

There is a third reason, which is the reason for this urgent question today. When the Home Secretary announced her review in July, she extended 28 days pre-charge detention for a further six months until 24 January and she said to the House:

> "After that, it will be up to me as Home Secretary to come back to the House to ask for a further extension, to let the limit fall to 14 days, or to present new proposals that reduce the limit but introduce contingency arrangements in extreme circumstances." [*Official Report*, 14 July 2010; Vol. 513, c. 1007.]

The Home Secretary has not come back to the House. I said that we would support a change on the basis of the evidence. There has been no evidence. There are no details of contingency arrangements. We are told that there will be a statement on Wednesday, but the policy on 28 days collapses by default on Monday.

In the absence of the Home Secretary, will the Minister tell the House what will happen on Monday if a terror suspect is detained? What will be the period of detention? Do the police and security services agree that this power is now not needed? Is that in the evidence in the as yet unpublished review? Do the Government really intend to let this happen by default, with no statement, no announcement and no evidence presented to the House? I must say that this is a deeply arrogant way for the Government to treat this House. It is a shambolic way to make policy on vital issues of national security.

Should not the Minister go away, come back this afternoon to make a proper statement, publish the evidence and allow right hon. and hon. Members to ask the questions that should be asked, rather than allowing the Government to treat them with such contempt?

Damian Green: I am sorry that I shot the shadow Home Secretary's fox before he stood up with what was clearly a pre-written statement that did not bother with anything I actually announced—*[Interruption.]* The right hon. Gentleman asked a question; I gave a substantive answer. He seems to object to that. I have come to the House of Commons to give a substantive answer to a question. I can understand why the noisy and excited Opposition Front Benchers are confused by this process, because under their Government there was never any substantive answer to an urgent question. It clearly came as a huge shock to the shadow Home Secretary that he actually had an answer, because it was clear from the rest of what he said that he had not listened to any of it.

The right hon. Gentleman's substantive point was that he wanted the counter-terrorism powers review earlier. I think that in his more serious moments he might recognise that, rather than rush a review of something as important as counter-terrorism powers, it is important to get it right. In this area of vital national interest and the security of our country, the Government will not be driven, as his Government too often were, by the media agenda. We will take the right amount of time and get it right.

The right hon. Gentleman's other point was about process. He had the cheek to talk about process in relation to counter-terrorism powers. I shall not take any lectures on process from the party that tried to use pre-charge detention as a political tool, that tried to impose 90 days detention, then 60 days, then 42 days—a party that, when that proposal was turned down by the House of Lords, finally and grudgingly settled for 28 days. The shambles of counter-terrorism powers was precisely illustrated by the disasters of the previous Government.

The right hon. Gentleman asked about the timing of when he will get the evidence. If he ever paid any attention to the proceedings of this House, he would have heard my right hon. Friend the Leader of the House announce last week that the Home Secretary would make the statement that I have just talked about next week. I announced earlier that the statement would be made on Wednesday, but there is an underlying serious point that the House needs to address, which is the importance of balancing the security of the British people with the need to maintain our civil liberties. We need no lectures on that from the right hon. Gentleman. One of the most damaging failures of the Government in which he was a leading figure was an inability to strike that balance between security and civil liberties. At every turn, the Labour Government trampled on civil liberties, not just with their attempt to impose 90 days detention but with their databases on children and their ID card scheme. No amount of sanctimonious bluster from the Labour party can disguise their shocking record on civil liberties and security. This Government will repair their mistakes in that area.

My final thought for the right hon. Gentleman is that he said in his blog last week:

"I want to support the Home Secretary in reaching a new consensus about counter-terrorism policy".

I am afraid that nothing he has said today has illustrated that what he claimed to think last week is what he actually thinks this week. He should go away and think hard about the serious nature of his job.

Several hon. Members *rose—*

Mr Speaker: Order. There is understandably intense interest in this subject, but there is also pressure on time with the business statement to follow and thereafter two important and well-subscribed debates to take place under the auspices of the Backbench Business Committee. Brevity from those on the Back Bench and Front alike is, on this occasion, not just desirable but essential.

Tom Brake (Carshalton and Wallington) (LD): Does the Minister agree that the coalition's approach to counter-terrorism judiciously balances the country's security needs with the defence of our precious civil liberties in contrast with the Opposition's approach, which relied on draconian and counter-productive counter-terrorism measures that were highly damaging to fundamental British rights and were ineffective from a security perspective?

Damian Green: My hon. Friend is exactly right. We need to strike a new and better balance, not just in the interests of civil liberties but in the interests of security. The wider the co-operation we have with the police and security services, the more secure we will all be. The better balance we are now striking is a significant step forward in achieving that.

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): I was the Home Secretary who increased the time from seven days to 14, not 28, and I think there is good reason for a balanced and sensible approach. But why are we able to have just one announcement on one part of the review without evidence today instead of the total review being announced? Do we have to wait until next Wednesday simply because the Home Secretary happens to be at an informal meeting in Budapest as part of her duties within the European Union? What is the difference between today and next Wednesday?

Damian Green: The right hon. Gentleman rather makes my point. I repeat that my right hon. Friend the Leader of the House said last week that the Home Secretary would make a statement next week, and I am now able to reveal that it will be next Wednesday, so he asks the correct question: why are we doing this now? We are doing it now because the right hon. Member for Morley and Outwood (Ed Balls) asked an urgent question and I have shocked him by giving a substantive answer. I make no apology for that.

Dr Julian Lewis (New Forest East) (Con): Can my hon. Friend explain why this welcome announcement appeared prematurely in so many media outlets at the same time? We always criticised that when we were in opposition and I would have hoped we would take firm action against leaks now that we are in government.

Damian Green: I have no idea where that information came from. I can only say that nothing to do with any of this has ever come out from me or my office.

Mr David Winnick (Walsall North) (Lab): It is unfortunate if the House of Commons is not told the position before the media and I fully endorse what the hon. Member for New Forest East (Dr Lewis) just said. Will the Minister accept that it is a welcome step that the 28 days is being reduced to 14 days, because 28-day detention was never meant to be permanent? As for party polemics, the 90-day limit was defeated as a result of Labour Members. One thing I should like to know is why, if we are to reduce the length to 14 days, the Home Secretary will have reserve powers? It should be 14 days without any particular powers being given to the Home Secretary that would not have the authority of the House of Commons.

Damian Green: I am grateful to the hon. Gentleman for his support and for his long and distinguished history on the Home Affairs Committee of fighting for civil liberties. As he knows, he and I have often agreed on these matters, and I am glad to make an announcement of this sort today. He makes a perfectly reasonable point about the reserve powers. I should emphasise that it will be a draft Bill, only to be used in emergency circumstances, which the House would have to approve at the time. It is not a question of in any way leaving 28 days on the statute book. On the issue of leaks, I will certainly take lectures from the hon. Gentleman. I do find it just a tad hypocritical to hear those on the Labour Front Bench and new Labour apparatchiks— *[Interruption.]*

Mr Speaker: Order. I can deal with these matters. First of all, the reply was a bit on the long side. Secondly, the hon. Gentleman will withdraw the word "hypocritical", please.

Damian Green: I of course withdraw the word "hypocritical", and replace it with "surprising".

Mr Speaker: I am extremely grateful.

Mr Bernard Jenkin (Harwich and North Essex) (Con): I welcome the fact that my hon. Friend has been able to give information to the House today, perfectly properly provoked by an urgent question from the Opposition Front-Bench spokesman. May we all reflect on the fact that the timing of these matters has reflected the extraordinary complexity and difficulty of dealing with these matters, and one might take the criticisms from the Opposition Front Bench a bit more seriously if they had less of a party political flavour about them?

Damian Green: My hon. Friend makes a very wise point. I am still not entirely clear whether those on the Opposition Front Bench support this, because the shadow Home Secretary neglected to say that.

Keith Vaz (Leicester East) (Lab): There may be support for the substance of what the Minister has said today, but what concerns the House is the fact that we have had to wait for an urgent question to be asked before being given this information. It is unsatisfactory. The Minister for Security was clear to the Select Committee when she appeared before us last December that Parliament would be told first about these matters and that it would not appear in the newspapers. Is not the best course of action to move the statement from Wednesday to Monday, when the order lapses, so that Parliament can question the Home Secretary on these matters? That is a way to resolve this rather unfortunate state of affairs.

Damian Green: The right hon. Gentleman will have heard me say several times that the statement has long been planned for next week, and it was announced to the House that it would be made then. With regard to the deadline being Monday, it is entirely reasonable that the law should revert to what it was. It was a temporary emergency arrangement for six months, which would lapse on Monday anyway. To try to equate that with the wider counter-terrorism review is not quite right. As I have said repeatedly, the Home Secretary has always planned to come to the House to talk about the very important wider counter-terrorism review. Indeed, the House was given unusually long notice of when she would appear, so it has been kept entirely in the loop on this.

Dr Julian Huppert (Cambridge) (LD): I thank the Minister for his helpful statement on the end of 28-day detention without charge. Can he assure me that the statement will have a focus on surveillance with an aim to prosecution, rather than punishment without trial?

Damian Green: The statement will have as its root the security of the British people. As I have said, it would be wrong of me to pre-empt the Home Secretary's statement on Wednesday, but I can assure my hon. Friend that the Government, unlike the previous Government, take very seriously the civil liberties part of the balance.

Mr David Hanson (Delyn) (Lab): When I moved the motion for 28-day detention as the Minister with responsibility for counter-terrorism in the last Parliament, the Conservative party did not oppose it. After the election, it proposed a six-month period for a review, pending evidence. In order for Ministers to be able to account to the House, when will that evidence be presented, so that we can be assured that 28 days will not put the people of Britain at risk?

Damian Green: As I have said on many occasions, the Home Secretary will make a statement on Wednesday. The right hon. Gentleman can ask her questions about it then.

Harriett Baldwin (West Worcestershire) (Con): I welcome the news that we will have the results of the review on Wednesday. Will it also include results of the review into extradition powers, and in particular the European arrest warrant?

Damian Green: As my hon. Friend knows, there are reviews on a number of matters. She tempts me down the path of pre-empting what the Home Secretary will say on Wednesday, but it would be sensible for me to continue to resist that temptation.

Pete Wishart (Perth and North Perthshire) (SNP): Will the Minister promise me that he will take absolutely no lessons from 90-day Labour when it comes to detention: a Labour Government who perhaps had the worst possible record of any modern European Government

when it comes to civil liberties? I, too, welcome what he says about 28 days, but will he say a little more today about what he means by these reserve powers?

Damian Green: The hon. Gentleman is entirely right. Not only is it surprising that Labour Members are so worried about leaks; it is equally surprising that they can bring themselves to talk about civil liberties given their shambolic and dreadful record on that issue. That is precisely why the reserve powers that we propose will be in the form of a draft Bill, so that nothing can be done without the full consent of Parliament—even in the most dire emergency, which we can all imagine happening—if it is thought that we need to revert to a longer period of pre-charge detention. It will be for Parliament to decide, and that is absolutely the right way to proceed.

Mr Dominic Raab (Esher and Walton) (Con): I welcome the statement and the fact that the trajectory of pre-charge detention under this Government is going down, not up, as it did under the last Government. We will have to wait and see what the legislation says and look at the detail, but can my hon. Friend confirm one point in relation to evidence? A lot of evidence is already in the public domain in the form of the Home Office statistical bulletins, which show that in more than four years we have never needed 28-day pre-charge detention. Will he confirm that, and also that he has not seen any countervailing evidence that contradicts that?

Damian Green: My hon. Friend, who is a considerable expert on these matters, is of course right. No one has been detained for more than 14 days since July 2007, despite the many terrorist outrages that we have regrettably seen since then. To put the House fully in the picture, to date, 11 individuals have been held for more than 14 days pre-charge, six of whom were held for the maximum 28 days, three of whom were charged and three were released without charge. Again, for the those on the Opposition Front Bench to talk about evidence when they tried to foist 90 days on the House without any evidence at all was completely disrespectful.

Thomas Docherty (Dunfermline and West Fife) (Lab): The Minister's claims would have more credibility if it were not for the whoops and tweets coming from those on the Liberal Democrat Benches. Can he not accept that this will be seen in the country as a shabby political deal to make up for their failure in the Oldham by-election and a desperate attempt to hold the coalition together rather than doing what is best for national security?

Damian Green: That is a new low. It will be seen in the country as a significant step forward to achieving a proper balance between security and civil liberties, which is the responsibility of any sensible Government.

Mr Edward Leigh (Gainsborough) (Con): All the pressure on this comes from the civil liberties lobby. May I urge my hon. Friend to put the safety of the British people first? I suspect that most people in London, if it were a choice between their daughters being blown up on a London tube or a terrorist who hates everything we stand for spending 28 days in relative comfort before being charged, would choose the latter. So act on the evidence and put the safety of the people first.

Damian Green: As I said in my statement, the first duty of any Government is the security of the people, but that has to be balanced against the wider civil liberties that my hon. Friend and I both hold dear. What we are achieving is the proper balance. What was in place before was unbalanced and, as I just said in answer to our hon. Friend the Member for Esher and Walton (Mr Raab), it was not contributing to extra safety against terrorism, but was potentially a power in the hands of the state that could have been abused. My hon. Friend the Member for Gainsborough (Mr Leigh) will not want the state to have powers that it could potentially abuse.

Mr Tom Watson (West Bromwich East) (Lab): I have a hunch that both sides of the House could have united on a position around the reduction of pre-trial detention. But given that the Minister has just said that the security threat is such that the House should retain some form of emergency powers, is it not reasonable to ask that the Home Secretary should have come and put the evidence for that to the House? Can the Minister confirm that it was the intention of his Department to make this announcement by written ministerial statement on Monday, which would not have allowed any debate?

Damian Green: The hon. Gentleman makes a reasonable point about the reserve powers. The significant change is that instead of having something on the statute book to be used without any parliamentary scrutiny, we propose that Parliament should be able to act quickly, because we can imagine circumstances in which quick action is needed, while not leaving these onerous and draconian powers on the statute book. That seems to be a significant step forward towards proper balance and to giving Parliament more power over the process, which I am sure that he would welcome.

Charlie Elphicke (Dover) (Con): Is not proper border control an essential part of a review to deal with terrorism? It is no good building a police state at home if we allow pretty much anyone, be they friend or foe, to wander into the country. Will the Minister consider stronger measures?

Damian Green: My hon. Friend makes a good point. Clearly, having strong and secure borders is one of the essential elements in our fight against international terrorism, and that, as he knows, is why one of the Government's priorities is to make our borders more secure. We have been making significant progress on that over the past nine months.

Kevin Brennan (Cardiff West) (Lab): Perhaps the Minister should ask the Secretary of State for Education to include the history of civil liberties in his new national curriculum so that people can be reminded that it was a Conservative Cabinet that introduced internment without trial for UK citizens.

As the Minister knows, there were arrests and charges in Cardiff before Christmas relating to terrorist activities. Does he understand that my constituents would welcome the retention, which I think he has announced, of the possibility to extend detention to 28 days, albeit by a different method? Had that been necessary for public protection in the case to which I have referred, that

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would have been the right thing to do. Can he confirm that he is retaining 28-day detention as a possibility, albeit after a parliamentary procedure?

Damian Green: As I have explained, a draft Bill will be available so that Parliament can act if it needs to in a particular emergency. With regard to the arrests made before Christmas, it is important to look at what has happened. Since July 2007, no one has had to be held for more than 14 days, despite the many terrorist actions and the planned actions that, happily, have been stopped by the good actions of the police and security forces. I hope that the hon. Gentleman, as someone who considers these matters carefully, will welcome the change we are making today and that the shadow Home Secretary can do likewise at some stage.

Mr Robert Buckland (South Swindon) (Con): Will the outcome of the review ensure that we go back to first principles: namely, that the task of security and intelligence should not be confused with the role of the criminal justice system, and that to conflate the two and warp the principles of criminal justice would be to fall into the sort of error that the previous Government fell into?

Damian Green: My hon. Friend makes an extremely good point. It is precisely because we live in dangerous times and need to consider carefully what powers we have to fight terrorism that we should be all the more careful not to erode the principles of criminal justice and civil liberties for which this House has always stood.

Bob Blackman (Harrow East) (Con): I strongly support the reduction of detention without charge from 28 days to 14 days. Would the Minister confirm that there is no one currently in custody who will have to be released by Wednesday because their detention period has gone beyond 14 days?

Damian Green: It would be inappropriate for me to comment on any individual cases on the Floor of the House. I am sure that my hon. Friend understands that this is not a venue where one should discuss individual police activity.

Mr Philip Hollobone (Kettering) (Con): Although I support the reduction to 14 days, Her Majesty's Government are not treating Parliament properly on this issue. The Home Secretary will be in the House on Monday to take Home Office questions, so presumably it would be perfectly possible for her to make a statement then. The Order Paper does not list any statement on the issue for Wednesday.

Damian Green: The Order Paper for Wednesday is yet to be produced, so I am not entirely sure about the force of my hon. Friend's statement. As he says, those who are eager to question the Home Secretary will have the chance to do so on Monday anyway, so I am sure that we can return to the issue.

Henry Smith (Crawley) (Con): Recently, the Leader of the Opposition defended many of the decisions made by the previous Government, of which he was a member, and now we hear from the shadow Home Secretary that he questions the decision about 28-day detention. Does the Minister agree that there are some worrying splits in Her Majesty's official Opposition on the vital issues of civil liberties and national security?

Damian Green: That may well be true, but I genuinely hope that the Opposition can bring themselves to a position in which they can balance security and civil liberties appropriately. The Leader of the Opposition and the shadow Home Secretary have admitted that Labour got the balance between security and civil liberties wrong. I look forward to the day when they can turn those fine words into some sort of concrete action and support the Government when we take measured and sensible steps, such as those we are taking today.

Business of the House

12.5 pm

Hilary Benn (Leeds Central) (Lab): Will the Leader of the House give us the business for next week?

The Leader of the House of Commons (Sir George Young): The business for next week is as follows:

MONDAY 24 JANUARY—Continuation of Consideration in Committee of the European Union Bill (Day 2).

TUESDAY 25 JANUARY—Continuation of Consideration in Committee of the European Union Bill (Day 3).

WEDNESDAY 26 JANUARY—Continuation of Consideration in Committee of the European Union Bill (Day 4).

THURSDAY 27 JANUARY—Second Reading of the Scotland Bill.

The provisional business for the week commencing 31 January will include:

MONDAY 31 JANUARY—Second Reading of the Health and Social Care Bill.

TUESDAY 1 FEBRUARY—Conclusion of Consideration in Committee of the European Union Bill (Day 5).

WEDNESDAY 2 FEBRUARY—Opposition Day [10th Allotted Day]. There will be a debate on an Opposition motion. Subject to be announced, followed by motion to approve European documents relating to Her Majesty's Treasury.

THURSDAY 3 FEBRUARY—Motion relating to consumer credit regulation and debt management, followed by a general debate on reform of Legal Aid. The subjects for both debates were nominated by the Backbench Business Committee.

FRIDAY 4 FEBRUARY—Private Members' Bills.

I should also like to inform the House that the business in Westminster Hall for 3 February will be a debate on parliamentary reform.

Hilary Benn: I thank the Leader of the House for that statement. Given what we have just heard from the Minister for Immigration, will the Leader of the House please consider bringing forward the Home Secretary's statement to Monday, as has been suggested on both sides of the House.

The Second Reading of the Health and Social Care Bill really cannot come soon enough, because it has not been a very good week for the Government's NHS reforms, has it? On Monday, the Prime Minister was completely unable to explain why spending billions of pounds on turning everything upside down will actually help patients, especially when, as John Humphrys helpfully pointed out, we have seen big improvements over the past 13 years. On Tuesday, the Health Committee called the changes "disruptive", stating that they were creating "widespread uncertainty" and had taken the NHS by surprise. Could that be because the Prime Minister assured people before the election, when he was going around the country making promises as opposed to breaking them, that there would be no top-down reorganisation?

Yesterday, the Prime Minister could not answer a very simple question from the Leader of the Opposition. Three times he was asked to confirm that waiting times for NHS patients would not rise as a result of what he is doing, and three times he failed to do so. This is very strange. If all the upheaval really is about a better deal for patients, why can the Prime Minister not make that simple promise? Is not the truth that he just knows he cannot do so, because the Health Secretary took his colleagues by surprise with his plans, and the Minister of State, Cabinet Office, the right hon. Member for West Dorset (Mr Letwin), has to be brought in because No. 10 got the jitters. It is the same old story: the Tories in charge of the NHS spells trouble. Is that why the Education Secretary yesterday told people from the Dispatch Box to vote Liberal Democrat?

Moving on to another broken promise—namely, that those with the broadest shoulders would bear the greatest burden—may we have a debate on the plan to take the mobility component of disability living allowance away from people living in care homes? When the Prime Minister was asked about this last week, he said that

"there should be a similar approach for people who are in hospital and for people who are in residential care homes."—[*Official Report*, 12 January 2011; Vol. 521, c. 282.]

That reply shows exactly why the Prime Minister does not get it. The right comparison for people in care homes is not with those who are in hospital, who do not plan to live there, but with those living in their own homes, and they will continue to get help with their mobility. The Government will have to change their mind on that issue, just as they had to on school sport and are in the process of doing on prisoners voting. It is wrong, it is unfair and it hits those whose shoulders cannot be described as the broadest, and, when those people find out that their current support, which enables them to go to the shops, to church, or to see friends and family, is being taken by the Prime Minister, there will be outrage.

Talking of which, may we also have a debate on the plans to sell off the nation's much loved woodlands and forests? The last time the Tories were in office, that is exactly what they did, and they are at it again—only this time with Liberal Democrat support. Now, that is very strange, too, because visitors to the Scottish Lib Dem website can find a page opposing the sale of forests. There is a photo on it of the Chief Secretary to the Treasury, looking very stern and holding a placard that says "Save our Forests".

In case Members are somewhat puzzled, it seems that the Chief Secretary is passionately opposed to selling off forests in Scotland but wholly in favour of the sale of forests in England. If there is one thing that is even worse than breaking one's promise, it is saying one thing in one place and the exact opposite in another—but as all of us know, the Lib Dems are world-class at that. I know that the Leader of the House will agree to my request for a debate, because he supports the procedure whereby petitions with more than 100,000 signatures trigger a debate in Parliament. So if I tell him that the petition opposing the sale of our forests has 160,000 names on it, and it does, can he tell us on what date that debate will take place?

Topical questions have been very effective in helping to hold Ministers to account. Does the Leader of the House agree that we should extend them to those Departments that still do not have them?

Finally, on 8 March we will celebrate the centenary of international women's day. As the Leader of the House will be aware, for a number of years there has been a

[Hilary Benn]

debate in the House on that day, so will he join me in encouraging the Backbench Business Committee to mark that special occasion?

Sir George Young: I am grateful to the right hon. Gentleman for the points that he makes. He asks for a debate on the Health and Social Care Bill, and he is getting one, as I have just announced, so all the issues that he has just raised can be dealt with then. We made a commitment, which his party did not, to spend more on the NHS, and we are reforming it to put more resources into front-line services. Against that background, the prospects for those on waiting lists or those concerned about waiting times are better under this Administration than they would have been had his party been elected.

The right hon. Gentleman asks for a debate on disability living allowance, and I recognise the concerns about that. He can have a debate about DLA: again, I announced that there would be a debate on an Opposition motion the week after next, so he can choose to debate DLA. I recognise the concern, but I hope he accepts that there are complicated issues. There are contractual obligations on certain care homes to make provision for some elements of mobility; some local authorities have requirements as part of their contracts with care homes to make provision for mobility; and people in residential homes are by and large sponsored by social services, but some are sponsored by the NHS, so different conditions apply. On the broader issue, we are consulting to see how the specific provisions on DLA will be introduced, and primary legislation will be necessary to make any changes to its mobility component.

Under the previous regime the Forestry Commission sold many thousands of acres without any requirements at all, but if the current proposals go through there will be specific requirements on those who acquire assets from the national forest to continue to make provision for access and other concerns—requirements that do not apply at the moment. So making transfers from the Forestry Commission to other owners will not have the adverse consequences that the right hon. Gentleman suggests.

We had an exchange on petitions that achieve a certain number of signatures, which my hon. Friend the Deputy Leader of the House answered. If the trigger is reached and a petition hits the 100,000 mark, it becomes eligible for a debate, and its future is then decided by the hon. Member for North East Derbyshire (Natascha Engel), who is in her place.

I have a lot of sympathy with the right hon. Gentleman's point about a topical slot for those Departments with 30-minute Question Times: the Department for International Development and, I think, those for Scotland and Wales.

Thomas Docherty (Dunfermline and West Fife) (Lab): And Northern Ireland.

Sir George Young: And Northern Ireland. I take that point seriously, so I shall have discussions through the usual channels to see whether we can make some progress.

The women's day debate is important. If the right hon. Gentleman looks at the Wright Committee's recommendations, he will see that the issue falls to the hon. Member for North East Derbyshire and her Backbench Business Committee. He is perfectly entitled to go along at 4 pm or whenever it is to make a pitch for a debate on women's day. It will certainly have my support.

Several hon. Members *rose—*

Mr Speaker: Order. A very large number of right hon. and hon. Members are seeking to catch my eye. Ordinarily, as the House knows, I seek to accommodate everybody at business questions, but that might not prove possible today, with heavy pressure on time and very well subscribed Backbench Business Committee-led debates, so I emphasise that there is a premium on single, short supplementary questions without preamble, and on the Leader of the House's characteristically brief replies.

Mr Mark Field (Cities of London and Westminster) (Con): Following the Leader of the House's written statement this morning, might I respectfully suggest to him that, just for once on MPs' pay and conditions, he tries to be wise before the event? Regaining the trust of the general public after the calamitous expenses scandal requires that this House abides in full by the independent reviews, come rain or shine.

Sir George Young: I am grateful to my hon. Friend. It will be for the House to decide whether to go ahead with the 1% pay increase that has come about through the machinery that was set up in 2008. The coalition Government have made their position on public sector pay very clear: we think that there should be a two-year pay freeze; that unless one earns less than £21,000 a freeze is a freeze; and that for those who earn under £21,000 the increase should amount to £250. Members earn substantially more than £21,000, and I believe that the House will want to reflect very carefully before it takes a 1% pay increase against the background of the restraint that many other people, earning much less than we do, have to face over the next two years. So I hope the House will come to a collective view when the motion is laid and agree that it is right for Members to exercise restraint for the time being.

Mr Dave Watts (St Helens North) (Lab): Given that the NHS reforms will boost the earnings of private sector health companies, and given that those same health companies are pouring funds into the Conservative party, may we have a debate on the conflict of interest between Ministers and those firms?

Sir George Young: I do not believe there is that conflict of interest. The people who will benefit from the private sector's greater involvement in the NHS are the patients, because they will have access to services at a competitive price, and we will get better value for money from the NHS. The hon. Gentleman will know that under the previous Administration intermediate treatment centres were parachuted into the NHS without its being able to compete on a level playing field, so I strongly rebut his allegation.

Duncan Hames (Chippenham) (LD): May we have a statement on the 50 written ministerial statements made so far in 2011? During that time, I believe there have been only two oral statements, fewer in fact than the

number of urgent questions you have afforded, Mr Speaker. In that statement, will the Leader of the House endorse my suggestion at the recent Procedure Committee inquiry that MPs should be able to force timely further scrutiny of written ministerial statements either here or in Westminster Hall?

Sir George Young: This Administration are making roughly 50% more ministerial statements than the preceding Administration. Indeed, we were criticised for bringing forward a ministerial statement yesterday, so it is difficult to strike the right balance. The hon. Gentleman refers to work by the Procedure Committee, which is looking at ministerial statements. This Administration are always anxious to come to the House to make statements, but we have to take into account the business that follows, as Mr Speaker has just mentioned, and get the right balance between time for statements and time for debates about Opposition motions, Back-Bench motions or other legislative proposals.

Ms Margaret Ritchie (South Down) (SDLP): Will the Leader of the House consider a debate on the removal of the aggregates levy by the European Commission at a time when the Treasury is working with the Northern Ireland Executive to rebalance the Northern Ireland economy?

Sir George Young: I understand the concern in Northern Ireland about that proposal. I cannot promise time for a debate, but might I suggest that the hon. Lady puts in a bid for an Adjournment debate or a debate in Westminster Hall, so that she can give the issue the attention that it deserves?

Nick de Bois (Enfield North) (Con): Will the Leader of the House arrange for a statement by the Treasury on the future of the business mileage car fuel allowance, which has remained unchanged for many years despite the massive increase in fuel prices? It results in many people who are remunerated only on the statutory scale being out of pocket for just doing their job.

Sir George Young: My hon. Friend raises an important issue. Without promising a debate, I can say to him that I will raise the matter with my ministerial colleagues who have this responsibility, ask them if they are satisfied that we have the balance right, and then write to him.

Jeremy Corbyn (Islington North) (Lab): When will the Ministry of Defence make a statement on Trident initial gate? Will the Leader of the House ensure that the statement is made to the House and is followed by a full substantive debate in Government time?

Sir George Young: There will be an opportunity to cross-examine my right hon. Friend the Secretary of State for Defence on 31 January, when he will be answering questions, but I have no plans at this stage for a specific debate. As the hon. Gentleman knows, there were historically a number of set days for debates on defence matters, but whether that continues is a matter for the Backbench Business Committee.

Mr William Cash (Stone) (Con): On written ministerial statements, will the Leader of the House take note of the fact that today the European Scrutiny Committee has issued its report on the referendum issues under the European Union Bill? The ministerial statement issued today by the Minister for Europe covers ground relating to these issues in the Bill, and it would have been far better to have made an oral statement and not to set a pattern for future ministerial statements that are bound to lead to a whole series of urgent questions as and when these matters are raised.

Sir George Young: My hon. Friend may have seen on the Order Paper that the Government have allocated an extra day to debate the Bill, in which he is taking a very close interest. He may have an opportunity during its passage to raise the specific issues that he mentions. On his request for more oral statements, I repeat that the Government have to balance the need for the House to know what Ministers are up to with the need for the House to make progress on the business that has been set out for the day.

Andrew Miller (Ellesmere Port and Neston) (Lab): Last week I raised with the Leader of the House the inaccuracy in the answering of questions by the Department for Transport on important issues of shipping safety. As yet, I have heard nothing from the Department. Has he heard anything, or is the Bermuda triangle getting bigger and bigger?

Sir George Young: I well remember the exchange that I had with the hon. Gentleman last week, when I think I apologised for any discourtesy. I will make urgent inquiries today and ensure that he is put in the picture. I am sorry if he has not heard anything between last week and today.

Christopher Pincher (Tamworth) (Con): Will my right hon. Friend make time for a debate on the Public Accounts Committee report when it is published, particularly following the evidence given yesterday by Sir Nicholas Macpherson that under the previous Government spending across a range of Departments was out of control? That would give the House the opportunity to hear how the Government are going to fix the problem and give the Opposition an opportunity to apologise for the mess they made.

Sir George Young: I am sure that many hon. Members share the concern expressed by my hon. Friend. Yesterday the PAC was told:

> "There was a point in the last decade when the Ministry of Defence lost control of public spending...We put Defence on special measures."

I think that that loss of control explains why we are facing such a huge financial deficit. I welcome the publication of the PAC's report on this important matter, and I hope that it will be possible to find time to debate it.

Valerie Vaz (Walsall South) (Lab): On 10 January, I asked the Secretary of State for Health a question about who took the decision to stop the flu advertising campaign, and when, and I received no response. I also asked him a written question that was due for response on 17 January, but I still have not received a response. Could the Leader of the House help a lowly Back Bencher to find out how to get an answer to a simple question?

Sir George Young: Again, I am sorry if there has been any discourtesy to the hon. Lady. My understanding is that the Secretary of State has throughout acted on professional advice on all the issues relating to the advertising campaign. If there is an overdue parliamentary question, of course it will be pursued with vigour.

Mr Peter Bone (Wellingborough) (Con): This Government continue to put Parliament first, with the election of Select Committee Chairmen, the Backbench Business Committee, free votes in Committee and the relaxation of programme motions. May we have a statement from the Leader of the House next week on whether that could be extended slightly so that the Back-Bench business debate on votes for prisoners could be a free vote?

Sir George Young: I welcome what my hon. Friend says about the progress being made by the coalition Government in strengthening Parliament and giving back some of the powers that it lost to the Executive. The forthcoming debate on parliamentary reform, which he chose, will be an opportunity to debate that issue. Of course, we are having a debate on votes for prisoners only because this Government did something that the previous Government refused to do—we set up the Backbench Business Committee and gave it the power to do this. The advice that Members from the coalition parties are given on how to dispose themselves when something comes to a vote is beyond my pay grade, but I am sure that the Chief Whip will be watching this on television as we speak.

Nic Dakin (Scunthorpe) (Lab): The Prime Minister made a high-profile commitment to increasing the number of midwives by 3,000. Will we get a statement in this House to spell out how the Government are going to do this, or will it be another broken promise?

Sir George Young: I understand the hon. Gentleman's concern. Health questions takes place next Tuesday, and if he does not catch the eye of Mr Speaker then, there may be an opportunity to raise the issue in the debate on the Second Reading of the Health and Social Care Bill on the following Monday.

Julian Smith (Skipton and Ripon) (Con): Following the Deputy Prime Minister's announcement on extending paternity leave to up to 10 months, may we have a debate on the impact of this policy proposal on very small businesses across the country?

Sir George Young: I understand the concern of small businesses that find it difficult to manage if they are not quite sure how a relatively small number of staff might take their leave. There would be an opportunity to debate this in an Adjournment debate or to raise it at Business, Innovation and Skills questions. In any event, I will pass on my hon. Friend's concern to the Secretary of State for Business, Innovation and Skills and ask what measures are in place to ensure that undue burdens are not placed on small businesses.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): Will the Leader of the House find time for a debate on the differential impact of Government cuts on police spending? Merseyside acquires 80% of its funding for its local police service from the Government, whereas Surrey gets only 50%, which means that Government cuts hit Merseyside much harder than Surrey. How can that be fair?

Sir George Young: I believe I am right in saying that proportionate to its population Merseyside has more officers than almost any other part of the country. There will be an opportunity to debate this, because some time next month the House will have to debate and approve the police grant and the revenue support grant. That will give the hon. Gentleman an opportunity to raise the matter at greater length.

Mr Don Foster (Bath) (LD): Huge problems are created for our police, health service and local communities by binge drinking fuelled by pocket money-priced alcohol in supermarkets. Given that there was huge disappointment on both sides of the House about the written statement on minimum pricing, will the Leader of the House agree to an oral statement so that we can share our disappointment with Ministers and persuade them to go further?

Sir George Young: I understand my right hon. Friend's concern. The Police Reform and Social Responsibility Bill is going through the House at the moment, and I ask rhetorically whether it contains measures relating to alcohol which it would be relevant to discuss when it comes back to the House. In the meantime, I will pass on his request for an oral statement and encourage him to find some other opportunity to have a debate on this very serious matter.

Thomas Docherty (Dunfermline and West Fife) (Lab): You will recall, Mr Speaker, that last week, further to a point raised by the hon. Member for Chippenham (Duncan Hames), I asked the Leader of the House about the failure of the Department for Environment, Food and Rural Affairs to notify the House about H1N1 outbreaks, but I am yet to receive a response. I am sure that it is on his desk, so could he send it over to me as soon as possible?

Sir George Young: I do recall our exchange last week, and my office did indeed contact DEFRA. I understand that DEFRA Ministers have responded to two of the hon. Gentleman's questions on the issue this week. I am also informed that because the strain of H1N1 that was detected was of a low pathogenicity, it was not a notifiable disease, so there was no written statement. However, DEFRA Ministers are writing to him, and I hope he will receive the letter today or tomorrow.

Jeremy Lefroy (Stafford) (Con): An unsung success of the British economy is the £47 billion trade surplus in financial and business services. May we have a debate on how we can improve those services so that we can create more jobs in the UK economy, particularly in the west midlands?

Sir George Young: My hon. Friend does well to remind us of the benefits of those services. There will be an opportunity to debate that matter in the Budget debate. In the meantime, he can raise it at Treasury questions, or apply for an Adjournment debate or a debate in Westminster Hall.

Diana Johnson (Kingston upon Hull North) (Lab): Although I welcome the announcement by Siemens this morning about potential jobs in Hull, it comes against the backdrop of huge job losses in the public and private sectors in Hull and the Humber. I also note the announcement this week that the employment rate in my constituency is 7.1%, against a national average of 3.6%. May we therefore have a debate on the regional nature and the gender nature of the job losses that we are seeing across the country?

Sir George Young: There will be an opportunity if the hon. Lady's Front-Bench colleagues choose to debate the general issue of unemployment on the Opposition day that I announced a few minutes ago. We have, I hope, assisted the situation by abolishing the tax on jobs proposed by her party, which would not have assisted employment in Hull. We have doubled the enterprise allowance and have taken other measures to promote employment. She will have seen that there has been a rise in job vacancies and a fall in the number of people applying for jobseeker's allowance. I hope that we will have an opportunity to debate the Government's economic policy; we will in the Budget debate, if not before then in Back-Bench time or on an Opposition motion.

Dr Julian Lewis (New Forest East) (Con): After a six-year campaign and a year-long public inquiry, the nightmare prospect of a container port on the edge of the New Forest was blocked. May we have a statement soon from a Defence Minister on the proposal to sell the freehold of land near Marchwood military port on Southampton Water, because my constituents are concerned that if Associated British Ports was the buyer of the freehold, that nightmare prospect of a container port would be revived?

Sir George Young: I well remember my hon. Friend's vigorous campaign in earlier Parliaments on precisely this issue. As he said, it was announced in the strategic defence and security review that the Ministry of Defence intended to sell Marchwood sea mounting centre. Since then, no formal dialogue or negotiations have been entered into with any interested parties, including ABP. Work is at an early stage and the Government will engage relevant stakeholders, including, I am sure, my hon. Friend and the local residents whom he represents.

Barry Gardiner (Brent North) (Lab): May we have a debate on Government procurement practice? I am sure that the Leader of the House will be as surprised as I was to find that it is now policy to allow contractors to specify the terms of the contract. That, of course, is the nature of the NHS reforms, with the GP contractor.

Sir George Young: There will be an opportunity to discuss that issue in consideration of the Health and Social Care Bill. I am not sure that the practice is wholly unprecedented. I remember smart procurement in the MOD, which moved away from an adversarial process towards one of a more joint nature. The hon. Gentleman will have an opportunity, during proceedings on the Health and Social Care Bill, to consider the responsibilities of GPs under the proposed GP commissioning and to raise the concern he has just touched on.

Charlie Elphicke (Dover) (Con): May we have a debate on the NHS? In my constituency, our hospital has been decimated and all but closed over the past decade. A new hospital has now been announced by a new Government, with the beds provided by GP commissioning. It is important that the House explore that issue and the ring-fencing of the NHS budget compared with the cuts proposed by the previous Government.

Sir George Young: I welcome my hon. Friend's remarks. I hope that he will speak on Second Reading of the Health and Social Care Bill to make the point, which he just touched on briefly, that GP commissioning is the way forward, is popular in his constituency, and is the right way to go as we reform the NHS.

Kevin Brennan (Cardiff West) (Lab): One way of stopping the complaints about announcements appearing in the press beforehand—this is a helpful suggestion—would be for the Leader of the House to announce the Government media grid at the same time as he announces the future business of the House on Thursdays. Just what is it on the Government media grid on Monday that means that the Home Secretary is refusing to grace us with her presence until next Wednesday?

Sir George Young: When the hon. Gentleman's party was in government, I am not sure that it put in the public domain the media grid devised by Alastair Campbell. The Home Secretary will be at this Dispatch Box on Monday, ready to answer questions on whatever matters colleagues raise.

Robert Halfon (Harlow) (Con): Following his remarks to my hon. Friend the Member for Enfield North (Nick de Bois), has the Leader of the House seen my early-day motion 1312?

[That this House expresses concern that NHS employees often cover a significant amount of the costs involved in travelling to carry out their daily duties, due to huge local variations in the expenses regime inherited from the previous Government; notes that employees in mental health services are particularly vulnerable due to a high level of travel in their profession; further notes that rising fuel costs have increased the burden on all staff who regularly travel; and urges the Government to review the current rates of reimbursement and to support the exemplary service NHS staff provide nationally.]

Will the Leader of the House find time for a debate specifically on fuel costs for NHS workers? Last week, I visited the Derwent centre in Harlow, where medical workers told me of the huge fuel costs that they pay. Sometimes they receive as little as 12p per mile for work travel. Is there something that the Government can do to alleviate their situation?

Sir George Young: I understand my hon. Friend's concern on behalf of those who are inadequately remunerated for their motoring costs. The NHS terms and conditions handbook contains provisions for the reimbursement of the cost of using a car for business purposes. If the staff in his constituency are not on national terms and conditions, the arrangements would have to be reviewed locally. I will bring his point to the attention of my colleagues at the Department of Health.

Mr Denis MacShane (Rotherham) (Lab): May we have a debate on Tunisia, where a revolution is taking place that may be as hopeful as that of Polish Solidarity 30 years ago, or as disastrous as the one in Iran? I hope that the Leader of the House will not just refer me to Foreign Office questions, because we need time for more considered debate in this House. Foreign affairs are being squeezed gently out of the House of Commons review and debate remit. It is a bit of a problem if we are to become a House that discusses only what happens in the UK.

Sir George Young: The right hon. Gentleman will know that the Foreign Secretary made a statement on Tunisia earlier this week, so it is not the case that the Government do not take that matter seriously. I understand that the vast majority of British nationals have now left Tunisia in line with the advice. The Foreign Secretary has called for a rapid return to law and order in that country. We welcome the efforts of the Tunisian authorities to hold elections as soon as possible, and we hope that those elections are free and fair. I do not share the right hon. Gentleman's view that this House does not place adequate importance on foreign affairs, but it is of course open to the Backbench Business Committee, and indeed to him, to make a bid for specific subjects that it is thought deserve greater attention.

Harriett Baldwin (West Worcestershire) (Con): Will the Leader of the House ensure that the debate on parliamentary reform in Westminster Hall is broad enough to cover the outrageous filibustering tactics of Labour Lords this week in the other place, which does not benefit from the tender ministrations of our Speaker?

Sir George Young: As I understand it, the debate is on parliamentary reform—it does not come much broader than that. I share my hon. Friend's concern about what is happening down the other end. When I came into this House some time ago, all the rough trade was down here, and down the other end there were non-partisan, short, focused debates in a revising Chamber. The rough trade now seems to have gone down the other end. The other place runs the risk of losing the moral high tone if its Members continue to proceed as they are.

Pete Wishart (Perth and North Perthshire) (SNP): I follow the call of the right hon. Member for Bath (Mr Foster) for a debate on the minimum price of alcohol that was set by the Government this week. It was roundly condemned by health professionals as doing absolutely nothing. Meanwhile, the Liberals and Conservatives gang up with the Labour party in the Scottish Parliament to block the setting of meaningful minimum prices for Scotland. Why is there that discrepancy? Is it the case that Liberals and Conservatives are interested in minimum pricing only if it makes no difference to health and crime?

Sir George Young: I am grateful to the hon. Gentleman for reinforcing the bid that has just been made. It is open to him to go to the Backbench Business Committee to ask for a specific debate on the minimum price of alcohol. He can then draw the comparisons between what happens in Scotland and the rest of the UK, and debate the proposals. In the light of the interest in this subject, the Backbench Business Committee might well find it a popular one.

Mr Philip Hollobone (Kettering) (Con): Will the Leader of the House consider giving Westminster Hall a boost by trying to persuade his Cabinet colleagues to attend and respond to occasional debates in that Chamber? Will he lead by example by being there for the important parliamentary reform debate on Thursday 3 February?

Sir George Young: I have attended debates in Westminster Hall and listened to my colleagues holding forth. I had planned to ask the Deputy Leader of the House, who is the world's greatest expert on parliamentary reform, to respond to the debate, but I will see if I can come along to listen to part of the proceedings.

Mr Tom Watson (West Bromwich East) (Lab): The balance between security and liberty was incorrectly struck, so we need to reduce pre-charge detention powers from 28 to 14 days—so said the Minister for Immigration. He also said that the security threat is such that we need emergency powers in reserve for pre-charge detention at 28 days. That is a contradiction. Will the Leader of the House commit to put the request to the Home Secretary, made by Members on both sides of the House, that she make the statement on Monday before the emergency powers lapse, so that we can test the theory?

Sir George Young: My hon. Friend the Minister for Immigration made it clear that the powers would lapse on Monday, which was a clear statement of Government policy. He also said that we would put in the Library draft emergency legislation that would reach the statute book only if the House so approved. It seems to me that there is nothing inconsistent or contradictory about that at all. It is a sensible and balanced response to the twin imperatives to which the hon. Member for West Bromwich East (Mr Watson) referred.

Mr Speaker: I thank the Leader of the House and colleagues for their exemplary succinctness, which enabled us to get through everyone in a timely fashion.

Points of Order

12.40 pm

Mr Gerry Sutcliffe (Bradford South) (Lab): On a point of order, Mr Speaker. Further to the question that my hon. Friend the Member for West Bromwich East (Mr Watson) asked about the urgent question this morning, I point out that I have been in the House for 16 years and have never seen a situation in which the Opposition have had to raise a question in order for the Government to make a statement and an announcement.

The Minister for Immigration said that he would put the details in the Library. I have checked with the Library, and those details are not there. The predicament for the House is that the legislation will lapse on Monday, when we have Home Office questions. Can we not urge the Home Secretary to make her statement on Monday?

Mr Speaker: What I can say is twofold. First, no doubt material promised for the Library will get there as soon as possible. Secondly, although I am extremely sympathetic with the general cause of revealing material first to the House and there being an opportunity for scrutiny of Government policy, it is surely as much as I can say to the hon. Gentleman that today the House has had the opportunities provided by the urgent question. We shall have to await the development of events.

Mr Peter Bone (Wellingborough) (Con): On a point of order, Mr Speaker. While I was congratulating the Government earlier, I made the mistake of not congratulating you on the speed with which the House is getting through questions and how Parliament is improving because of that.

Mr Speaker: I do not look for congratulations, but the hon. Gentleman's generosity of spirit is already legendary, and as a result of what he has just said it has become more so.

Diana Johnson (Kingston upon Hull North) (Lab): On a point of order, Mr Speaker. Yesterday the Education Secretary told the House, *Official Report*, column 888, that people in Hull should vote Liberal Democrat as the council provided a full travel grant for 16 to 18-year-olds in receipt of education maintenance allowance. He did not mention that the current grant of £100 a year is only about £3 a week and does not cover the full travel costs, or that it is available only to those travelling more than 3 miles. The scheme is discretionary and is threatened by the £67 million of cuts that the coalition Government are imposing on Hull. Under a Labour council, Hull previously provided a totally free student travel pass. Is there an opportunity for the correct facts to be put before the House?

Mr Speaker: In the assessment of the hon. Lady, that version has just been put on the record, and I am sure the House is indebted to her.

Barry Gardiner (Brent North) (Lab): On a point of order, Mr Speaker. You graciously invited the Speaker of the Indian Parliament to be with us this week, and she has had a very successful visit. You may be aware, however, that she was subject to significant embarrassment yesterday when attending a meeting at the Commonwealth Parliamentary Association, chaired by the hon. Member for Orpington (Joseph Johnson). A map of India was displayed incorrectly showing Kashmir as entirely separate from India, causing real debate and distress to some members of her delegation. Could an investigation be made into why such a map was in the CPA rooms and why that embarrassment was caused to that distinguished delegation?

Mr Speaker: I note what the hon. Gentleman has said, and the CPA will doubtless have a view about it. I echo entirely what he said about Speaker Kumar, whom it was my great privilege to meet, welcome and entertain, but I hope he will understand if I refrain from saying anything further today on the Floor of the House. I note his observations.

Backbench Business

[16TH ALLOTTED DAY]

Horse Racing Levy

12.44 pm

Matthew Hancock (West Suffolk) (Con): I beg to move,

That this House notes that the horseracing industry supports employment of 100,000 people in Britain and that the racing industry contributes £3.5 billion to the UK economy each year; celebrates the contribution the industry makes to the cultural and sporting landscape of Britain; recognises Newmarket's role as the global headquarters of racing; but further notes that the horseracing betting levy yield has been falling in recent years; further recognises the changing nature of the gambling industry; is concerned that betting operators are increasingly based offshore and so do not fully contribute to the levy; and considers that the Government should bring forward proposals to improve the system of funding for racing and the relationship between racing and bookmakers before the end of 2011.

I am delighted that we have three hours to debate this important topic, because the future of horse racing in Britain is at stake. This golden sport, which brings together man and beast, flat cap and top hat, the rural charm of Bangor-on-Dee and the pomp and ceremony of Ascot—this jewel in the crown of British sporting culture—faces an uncertain future and immediate and urgent woes.

All is not lost. As anybody who has seen today's *Racing Post* knows, attendances are up—racing is the second most attended sport after football. Britain's bloodstock has rarely been of a higher quality, and A. P. McCoy won the BBC sports personality of the year award. However, racing's finances are at risk, and it falls within the power of the House to support today's motion, which calls on the Government to act to secure for our nation the future of the sport that is the cause of such pride.

For centuries, since King Charles II took his court to Newmarket twice yearly for a month of relaxation and raucousness, Britain has led the world in horse racing. In the past, racing provided the impetus for the training and breeding of cavalry horses during times of peace, and now it supports more than 100,000 jobs across the country and, in all, £3.5 billion of our economy. It contributes to our culture, and even to our language.

In Newmarket alone, 5,000 jobs are related to that town's place as the global headquarters of the sport—not only owners, trainers and champion jockeys but modestly paid stable staff, grooms, farriers and those performing all the ancillary services. That complex economy, like an ecosystem, is in delicate balance, and that balance is under threat.

The levy system set up 50 years ago is broken, and the funding that underpins racing is seeping through the holes in that outdated system. I shall briefly set out what has happened, why, and what should be done about it. To explain what has happened, I shall delve into the ecosystem that I described. Money comes into racing from punters who like to punt and owners who like to own. The Tote, which was set up by racing, not by the Government, adds to the pot, and I look forward to its future being secured with the appropriate recognition of racing.

Money comes in from people who spend a day at the races, from media rights and from the levy contributions of those who make a bet. That, in turn, feeds into prize money, which goes partly to jockeys and stable staff—we should always remember that they, too, benefit when their horse crosses the line first—but mostly to owners. It is that hope and aspiration, the golden bauble of the pot of money at the finish post, that attracts owners into the industry and lures them to race. Say it quietly, but the amount of money injected by owners actually outweighs the amount that they win back in prize money by a ratio of about 3:1. If my father-in-law is watching, I hope he takes note of that. Owners, in turn, use their money, some of which they have won back in prize money, to pay horsemen to train and breed bloodstock.

There are many reasons to own a racehorse, as some Members know.

Philip Davies (Shipley) (Con): Stupidity, in my case.

Matthew Hancock: Well, it is not only the triumph of hope over expectation but the glamour of the winners' enclosure and the thrill of the race. Without the chance for owners to win prize money, racing's finances are on tenterhooks. Prize money is at the core of racing's economy—it is the chlorophyll in the ecosystem, or some have called it the lubricant of the wheels of racing. It attracts people in and brings in far more money than is provided for it.

What has happened to prize money? Over the past two years alone, the annual amount that the levy has paid has fallen from more than £100 million to £65 million. Prize money from the levy has fallen, too, from £65 million two years ago to £34 million, a drop of almost half. At Worcester, prize money from the levy has fallen by more than two thirds. Even before that precipitous decline, Britain ranked 38th in the world in prize money, miles behind Dubai and Hong Kong but also behind America, Italy, South Africa, Sweden, Australia, Ireland, Germany and Turkey.

The comparison with our nearest neighbour, France, is stark. Maiden race prize money in 2009 at Longchamp averaged £20,000, whereas at Newmarket it was £8,000. At Deauville, average prize money was £20,000, compared with £11,000 at Ascot. We find a similar contrast at the more provincial racecourses. At St Malo, average prize money was £12,000, but at Catterick it was £4,000—for comparable races, prize money in this country is still lower. At Le Lion D'Angers, prize money was £12,000, but £5,000 at Yarmouth.

Miss Anne McIntosh (Thirsk and Malton) (Con): I congratulate my hon. Friend on securing the debate. I am closely following what he is saying. What impact has the additional number of race meetings through the year had on prize money?

Matthew Hancock: That is an extremely important point. The amount in the prize pot is falling, but the number of races is expanding, and it is doing so at the behest of the gambling industry, which understandably wants continuous racing throughout the year. Those two dynamics make the consequences for the racing industry even worse, because the amount of prize money that owners get for coming second or third in a race is small, which leads to an even greater problem for people who run their horses. That is an important point.

British trainers are being diverted from running and owning in Britain to France and further, which threatens not only those moving their horses, but the breeding industry in this country, which is undoubtedly the best in the world. Without that first-rate racing, the industry will not survive here for long—it will decline—but it has taken decades to build up Britain's reputation as the best place for training and breeding bloodstock.

Pete Wishart (Perth and North Perthshire) (SNP): I, too, congratulate the hon. Gentleman on securing this important debate. I am glad that he mentions transport and travel. Friends of Scottish Racing is concerned about the distances involved in getting infrastructure to race courses such as Perth and the additional costs that must be met by owners and trainers. Has he considered that in the context of the future of the levy and horse racing throughout the UK? What would he say about some of those difficulties with travelling distances?

Matthew Hancock: That is an extremely important point. I was speaking to a successful and wise trainer yesterday who told me that trainers will often not send horses to race in Scotland unless another horse goes on the lorry. Of course, that takes out runners, which does not help the gambling industry—it is a circular process.

I received a phone call yesterday from a Mr Staddon, who owns five horses. He took one to Hereford last week. It jumped all 19 fences and came third. Hon. Members might think that that is pretty good, but his prize money was £205, and it cost him £650 to race and travel. He came third, but did not get even a third of his costs back. He is seriously considering giving up. If he takes his five horses out of training, the trainer will have to cut staff, farriers and all the services that go with stables. He fears job losses in racing on a mass scale.

The task is urgent. We know where the money that is made in racing lies. In Britain, there is a 1% return to racing from betting turnover, compared with 5% in Japan or 8% in the US and France. The gambling industry's gross win on racing is more than £1 billion a year. Yesterday, we were all delighted that William Hill reported a sharp increase in profits.

Mr George Howarth (Knowsley) (Lab): I congratulate the hon. Gentleman both on the topic that he has chosen and the way in which he is presenting his argument. He accurately describes some of the difficulties, but does he not accept that they exist under the levy, and that it might well be better for everybody concerned if racing and the bookmaking industry came to a commercial agreement rather than fall back on the Government?

Matthew Hancock: The right hon. Gentleman is an astute Member of the House, as I have learned in my short time here, and he nicely anticipates what I am about to say.

Before I address that point, the second question is: why has that decline in the levy happened? There are four holes in the levy through which contributions are leaking: offshore operators, betting exchanges, thresholds and overseas racing. They are set out in the racing united charter, which I urge all hon. Members to sign—they would be joining not only me, but A.P. McCoy and even a member of Abba.

Philip Davies: I commend my hon. Friend for his initiative in introducing this debate. Before he describes the holes in the levy, will he acknowledge that the amount given by bookmakers to racing averaged out, between 2006 and 2010, according to the independent members of the Horserace Betting Levy Board, at £164 million a year—in TV money and levy combined—and that this year it will be £160 million, which is a drop of only 2.5%? Will he also acknowledge that, at the same time, Arena Leisure's profits increased by 52%? When he is looking at prize money, will he focus less on the betting industry, which still gives lots of money despite the fact that horse racing is a smaller and smaller part of its business, and look at racecourses, which are not passing on their increased income in prize money?

Matthew Hancock: My hon. Friend makes an important point, but his phraseology lets slip the error in the argument. The betting industry gives no money to racing; it pays money to racing. I want a system in which that is sustainable. Of course, people who watch a sport should pay towards it. How much of the money made from media rights gets to the front line of racing is an important question, and I hope that those rights will be negotiated very tightly by racing in future. The amount of levy has fallen from more than £100 million to £65 million, but the levy reflects the fact that when people make bets, part of their stake is a contribution to the cost of putting on that race. It is appropriate for racing to charge bookmakers for using its output and product. That is the nub of the argument.

The first hole in the levy is offshore betting. UK consumers are reported to spend about £2.5 billion on internet and phone gambling, but operators licensed by the Gambling Commission represent less than a quarter of that—the rest is spent offshore. Three quarters of online betting, therefore, does not contribute to the levy or other taxes, and consumers are not protected under UK rules. Ireland's recent budget began to tackle that, and I hope that the Minister will follow suit. I am sure that such a measure would have the support of the gambling industry. I spoke to the big gambling organisations in the run-up to this debate. Each firm told me that it considered going offshore only because all the others are doing so. Let us bring all those firms onshore and subject bets to the levy and the appropriate tax here in Britain.

Betting exchanges are the second hole in the levy. Currently, exchanges pay 10% of the levy on profits that derive from commission from winning bets on each market. However, that produces very little for the levy—less than 0.5%—compared with the return from the same activity with traditional bookmakers. According to Betfair, some users of betting exchanges place around 1,000 bets per hour, but pay no levy or tax because they close their bets before the race is concluded. I am delighted that Betfair paid around £6 million to the levy last year, and by its widespread sponsorship, but the loss to the levy from the fact that exchanges are treated inappropriately is roughly £25 million, and I urge the Government to act.

Claire Perry (Devizes) (Con): I congratulate my hon. Friend on securing a debate that is hugely important in my constituency, where we have a lovely combination of free-draining soil, chalk and turf that does not freeze very easily, hence our important training and racing

[Claire Perry]

industry. Exchange transactions are frequently concerned with how many goals will be scored in a football match or whether a player will show up, and other things that do not have a cost associated with them and have almost no benefit to the rural economies we are so proud to represent. Does he agree that part of the reason for securing a change to the levy is so that the industries that employ thousands of people and have a material benefit in our rural communities—they are hugely important—can be adequately supported?

Matthew Hancock: My hon. Friend makes her case with the passion to which we have become accustomed.

The third hole in the levy is that outdated threshold rules exempt approximately two thirds of betting shops from paying the full rate. Thresholds were brought in to protect small independent bookmakers, but because the threshold applies to the shop and not to the company, we have a proliferation of corporate betting shops up and down our high street—in Newmarket, we are about to get our 12th. This allows betting shops to profit from fixed odds betting terminals while avoiding some of the levy. Independent members of the levy board say that this threshold error costs racing some £10 million. They think that it should be abolished, and I hope that the Minister will listen.

Justin Tomlinson (North Swindon) (Con): As the vice-chair of the all-party group on small shops, I have real concerns about the point that my hon. Friend has just made about the threshold. Yes, many such shops are part of the big national companies, but a lot of them are independents. Even those bigger companies could close down many of their smaller shops, leading to job losses and further pressure on the high street and village shopping centres—it would decimate them.

Matthew Hancock: Job losses in the racing industry, if it does not have a secure future, would far outweigh job losses that my hon. Friend mentions. What is more, large corporate betting shops are often split up to have two shops below the levy. It was introduced to protect independent bookies, and we would all welcome it if they were to be protected under a future scheme. But protecting small shops that are owned by large corporates was not the intention.

The charter proposes payments for customers in Britain who place bets on overseas racing. That hole costs some £13 million, and the independent members of the levy board say that that should be closed—I hope that the Minister agrees.

What should we do? In the short term, the Government can keep the ecosystem of racing alive by plugging the holes in the levy, by finding this year in favour of racing in the determination of the levy, and by fulfilling their promise to resolve the future of the Tote in a way that recognises its support for racing. But all sides agree that the levy is broken and needs radical reform. The bookies think that the levy is broken, racing thinks it is broken, the Secretary of State thinks that it is broken, and Members on both sides of the House seem to think that it is broken. No one wants the annual spectacle of ministerial decision about the funding of racing, not least because it unnecessarily antagonises relationships, wastes time and money and prevents a proper commercial relationship between racing and betting. Anyone who has witnessed the ugly and inaccurate adverts in past weeks can see the waste of money.

We need a system that leaves racing and betting to their commercial future and ensures that racing's product is appropriately financed and protected. Some say that the levy should be abolished and nothing put in its place. They are saying that gambling should get something for nothing. Racing is clearly an input into betting, so of course betting should contribute to the costs of putting on a race. Everyone would like something for nothing, but no one would say that it is the basis for a commercial relationship, which is what the bookies say they are looking for. So let us have that commercial relationship. Let us formalise what it is that racing sells. If someone invented a new cancer drug, would someone else be allowed to replicate it without paying them for the research that went into developing the drug? We have all seen the scary warnings at the start of rented films saying that piracy is a crime. If hon. Members made a film, would they let someone else print off copies of it without contributing to the cost? Of course not.

Charlie Elphicke (Dover) (Con): We do not have any racecourses in my constituency, but I have many constituents who like to gamble. If they were listening to my hon. Friend's powerful argument, they would be deeply distressed that the betting industry does not pay its fair share and agree that it should do so.

Matthew Hancock: My hon. Friend is a very wise man.

Racing is no different from other intellectual property. We need a new, fair structure that keeps British racing the best in the world and ensures that those who profit from racing help to pay for racing, so I support a racing right.

Ian Lavery (Wansbeck) (Lab): I congratulate the hon. Gentleman on bringing this topic to the Floor of the House. The motion requests that proposals are made on the funding of racing, including the levy and commercialisation. Does he agree that, if we have a wholesale review of the funding of racing, greyhound racing should be included, so that a statutory levy could be introduced to fund that sport?

Matthew Hancock: The hon. Gentleman makes an important point, and the relationship with greyhound racing—in which racing has again lost out in recent years—is an important consideration.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): Another form of racing that has not had a mention yet, but which is important in this context, is the amateur version—point-to-point. Some 4,000 horses are in training and it has a huge social and economic relevance to this debate. Will my hon. Friend comment on its relevancy?

Matthew Hancock: Most betting on point-to-point racing happens on course, and bookies who go on course pay for the privilege, so there is a transfer from betting to racing there. I adore point-to-point as a good

day out and I hope that it is properly financed in future. It needs to be part of the mix, but we should recognise that most of the betting in point-to-point is on course.

Steve Rotheram (Liverpool, Walton) (Lab): I congratulate the hon. Gentleman on securing this debate. I am not an expert in this area, although I have been contacted by representatives of Aintree race course, home of the world famous grand national, which backs on to my back garden—[HON. MEMBERS: "Oh!"] Not all of it—my garden is not that big. The racecourse primarily sits in the constituency of my hon. Friend the Member for Sefton Central (Bill Esterson). As people will know, Aintree has world class facilities and race meetings. Does the hon. Gentleman agree that the levy is important even to racecourses at the top end so that they can continue to improve the racing that they offer, which will then attract tourism to cities such as Liverpool and contribute wider economic benefits to the sub-region?

Matthew Hancock: Aintree is undoubtedly my favourite jump course, and I spent much of my youth on Grand National days as a fence judge, catching horses with fallen riders, and occasionally putting the riders back on board—the especially brave ones. So I have a particular love of Aintree, and I agree that this issue is important for every racecourse in the country, especially those at the top.

A racing right, which protects the property of a racecourse that puts on an event, would benefit the racing industry. It would benefit the bookies who survive on a strong racing industry with year-round fixtures. Some say go further. I have been contacted by the Football Association and the England and Wales Cricket Board, which support a betting right for all sports—and I understand that the International Olympic Committee also supports it. I can see the merit and logic in that argument. France does it, Australia does it and the Californians are looking at it. But my focus—and the focus of this debate—is unambiguously on racing.

In horse racing, Britain—and my constituency—is the home of one of the greatest sports on the planet. The sleek beauty of the thoroughbred as he crosses the line, the tough determination of the national hunt, the dedication of the horsemen and the great amphitheatres of the crowd all have their future in our hands. I passionately believe in the future of racing in Britain. I ask this: years from now, will we look back in wonderment at this sport of beauty and skill and speed that fell into ruin? Or will we say that, in the nick of time, we gave this great sport we love the future that it deserves?

Several hon. Members *rose*—

Madam Deputy Speaker (Dawn Primarolo): Order. I remind hon. Members that Mr. Speaker has placed an eight-minute limit on Back-Bench speeches in this debate, which the Backbench Business Committee assumes will end by 3 o'clock, including the responses from Front Benchers. I hope that Members will bear that in mind.

1.9 pm

Mr Gerry Sutcliffe (Bradford South) (Lab): It is a great pleasure to take part in this debate, and I congratulate the hon. Member for West Suffolk (Matthew Hancock) on securing it. As he will know, I was the previous Minister responsible for sport and gambling and, as such, the levy and the relationship between racing and betting are issues close to my heart, and I have sympathy with the Minister and the Department because the issue is back on their desk for them to deal with.

I agree with the hon. Member for West Suffolk that the levy is broken. It has become very divisive, with both sides putting their cases as strongly as they can and perhaps taking their eye off the ball in relation to what is going on in the two sectors. The two sectors are linked—there is no point in saying otherwise—even though the bookmaking and betting industry would say that revenue from horse racing constitutes a lower percentage of its turnover than from other sports. However, the two go together. He might remember the on-course bookmaker pitch problems, which fortunately were resolved through common sense; that common sense has to apply again.

The industry cannot afford to lose the money from the levy, which, as the hon. Gentleman said, has fallen over recent years. The sector cannot rely, and has not been relying, on the levy: it tried the racing for change project, and the various partners that make up racing have been looking to the future. Everybody agrees that the sport is part of the cultural life of our country. Anybody from anywhere can enjoy it at whatever level they want—and they should be able to continue to do so—but the two sides have to come together and, in my view, the solution has to be a commercial one.

What should the Government's role be? They should try to get out of the levy, if they can, and ensure that something is there to take its place. It has been tried before: in 2006, Lord Donoughue attempted to come up with a solution to meet the requirements. The hon. Gentleman is right to say that time is running out, however, and that we need to sort this out. The betting industry is changing. We have the offshore problem, for example, and I would be interested to hear what the Minister has to say about the review that I commissioned into that and about what might flow from it. Is he able to update the House?

The relationship has to be a commercial one. The nature of betting shops has changed as well, with fixed odds betting terminals now representing more than 40% of their income. The Government should consider what can be done about the FOBTs. The right hon. Member for Bath (Mr Foster) knows that I was looking into that matter—although without great success, I have to say. There needs to be a change in outlook on that.

Miss McIntosh: May I place on the record my admiration for what the hon. Gentleman achieved as a Minister in the previous Administration? Does he think that a proposal to replace the levy with a "pound-per-shop-per-race" fee would be feasible? It would raise £90 million a year, but would not address the overseas problem. Does he think that it could work in this country?

Mr Sutcliffe: I thank the hon. Lady for raising that issue. Everything has to be considered. As a Minister, I tried to bring the sectors together to hammer out a possible solution. There was a lot of good will on all sides among the bodies represented, but we could not decide on the best way forward, so we had to rely on the levy. That cannot and should not continue, and I would

[Mr Sutcliffe]

be supportive if the Government decided that this is the last time they should have to determine the outcome of the levy.

I am moving towards the idea of a sports betting right. That is now the way forward. The European Union now has competency for sport, and at the meeting of Sports Ministers I attended last year, the idea of a sports betting right started to develop. If a sport offers its services—with all the costs that go with it—it is only fair that a sports right should be considered in legislation. I think that Ministers will move towards a sports betting right, and I would support that campaign.

Philip Davies: May I say to the hon. Gentleman, for whom I have a lot of time, that this is a novel concept for a Labour politician? Most sports betting is on premiership football, so presumably the money raised would go there. It is novel that a Labour politician would want to take money out of poor punters' pockets in betting shops in order to add it to the wages of John Terry and Carlos Tevez in the premier league. Does that not seem a bizarre redistribution of wealth?

Mr Sutcliffe: The hon. Gentleman knows that I am not going to get involved in John Terry's wages any more—they are not my problem. However, there are issues about where money from sports rights should go, and about the grass roots and how we fund grass-roots sports. However, the money would go not just to the premier league, but to grass-roots sport as well.

Mr Sam Gyimah (East Surrey) (Con): First, I thank my hon. Friend the Member for West Suffolk (Matthew Hancock) for securing this debate. A racing right would ensure that gambling contributes to the upkeep of racing, which—I say this in response to the point raised by my hon. Friend the Member for Shipley (Philip Davies)—is essential if we are to keep racing and to keep Britain ahead, as my hon. Friend the Member for West Suffolk said.

Mr Sutcliffe: The hon. Gentleman makes his point, but the gambling industry would say that it already makes a contribution. My Member of Parliament, the hon. Member for Shipley (Philip Davies), is an advocate of what the gambling industry has said about the rights it pays already—television rights, sponsorship and so on.

There has to be an adult relationship and a commercial coming-together. The Tote can help with the way forward. The previous Government made the decision to sell the Tote, and gave a manifesto commitment to give 50% of the money raised from its sale back to racing. I know that defining racing makes that difficult, but it could be a starting point.

Andrew Griffiths (Burton) (Con): The Tote was enacted by a piece of legislation introduced by Winston Churchill. It is true that in their 2001 manifesto the Labour Government made a commitment to giving racing 50% of the proceeds from the sale of the Tote. Does the hon. Gentleman think that waiting nine years and failing to do that had a detrimental effect on the racing industry?

Mr Sutcliffe: I do not think it had a detrimental effect. The hon. Gentleman will know the history. We were trying to relieve ourselves of the Tote while ensuring that 50% of the profits went to racing. The issue then was about the definition of racing and whom it should go to. However, we held active discussions with the racing sector on how that could happen, and I hope that it is still on the table and that the Minister will tell us what the relationship will be and what further discussions he has had.

We need a fair return for racing, for the reasons that hon. Members have given, including its impact on society through full-time jobs in the racing and gambling sectors. I ask the Minister to consider the impact of the FOBTs and what can be done about it. I also ask him to consider what can be done about the offshore problem and the review we commissioned, and about ensuring that 50% of the proceeds from the Tote sale goes to racing. Then, we should get the sector together and make it realise that Governments of all shades are no longer interested in being the referee—it is now about the sector coming up with the solution. I hope that that will happen. This should be an excellent debate.

1.18 pm

Mr Laurence Robertson (Tewkesbury) (Con): I congratulate my hon. Friend the Member for West Suffolk (Matthew Hancock) on securing this debate and on how he introduced it. He made some extremely good points. I would like to declare two non-declarable interests as it were: first, I am joint chairman of the all-party group on racing and bloodstock industries, which is one of the most active and influential—we like to think—groups in Parliament. Secondly, I have the honour of representing Cheltenham race course, and so I take slight issue with his assertion that Newmarket is the centre of world racing. I readily acknowledge that it is a fantastic establishment and the home of flat racing, but I would suggest that Cheltenham is the home of national hunt racing.

My hon. Friend is right to draw attention to the dangerous situation with regard to prize money. It is not a matter of rich owners becoming richer; it is a matter of enabling all owners to continue to own race horses and to race them at the right standard and at the right level. He also pointed out that the important part of the debate is the knock-on effects on stable staff, jockeys and trainers—all the people who are not well paid but who should be able to continue to carry out their essential work. Take them out and the whole sport collapses. That is why prize money is so important, and my hon. Friend is absolutely correct to point out that in many races owners would lose out even if they won. If a horse is at the lower levels of racing—the lower levels are extremely important—they would have to win possibly eight or nine races a season just to break even, and that would be in a good year. However, no horse is going to do that, so he is absolutely right to point out the problem.

The current situation is paradoxical, because as my hon. Friend also pointed out, we have the most tremendous racing in this country—indeed, probably the best in the world. In just a few weeks' time, we will have the great Cheltenham festival, which is surely the greatest racing festival in the world. We can also boast the grand national shortly after, and then Royal Ascot, and the

York week in August—absolutely tremendous racing that is not bettered anywhere in the world—and yet we also have this financial problem. If seems that the two situations should not go together, but they do. Racing has continued to exist because of the generosity—or, as my hon. Friend the Member for Shipley (Philip Davies) said earlier from a sedentary position, the stupidity—of some owners, who have continued to lose money. It would be rather complacent of racing to accept that this situation will continue indefinitely, because I do not think that it will.

Mr Gyimah: Does my hon. Friend agree that one of the problems with not having a stable funding base for racing is the underbelly of racing? A lot of people are attracted to racing out of their passion for it, but there is so little funding available that many live on low incomes, with a lot of suicides among people who want to become jockeys but do not make it. Racing is not just for the wealthy: there is an underbelly of racing, and to resolve that we need a stable funding base for racing as a whole.

Mr Robertson: My hon. Friend is absolutely right. It is not just winning the Cheltenham gold cup that is important. Horses do not start off running in the gold cup; they start off running in point-to-point races, before building up to races where the prize money is perhaps less than £2,000. My hon. Friend is also absolutely right about all the people involved in that. We cannot lose those feeder tracks or what I would describe as feeder racing.

We therefore have a problem, and I have reluctantly come to the view that the levy is an outdated system that has to be replaced. We have the problems of falling prize money, and owners running horses and not getting back a third of what they put in even when they are placed. All those problems exist under the present system, so the present system cannot be right. I have long felt that the existence of the levy does at least two things. First, it divides the people of racing. When I say "the people of racing", I include the bookmakers, because many bookmakers, whether they are chief executives or work for Ladbrokes or Hill's, are also racing people. However, each and every year, the levy negotiations serve to divide those people. We end up with this gratuitous violence, from one side to the other, which does racing no good. We saw what can be achieved when the whole of racing got together—for once—to promote Tony McCoy, who became BBC sports personality of the year, a much-deserved award. That is racing getting together—it is racing at its best—but the levy has served to divide it, each and every year.

The second thing that the existence of the levy has done is to allow racing not to address the need to find alternative funding as urgently as it might have done. There are alternative funding mechanisms and routes for money to come in; for instance, media rights is one way, while sponsorship is another. Racecourses take money from the public, and from sponsorship and hospitality. My hon. Friend the Member for Shipley was absolutely right to say that there might be a better income stream for racing from those sources in future. In 2004, when this House passed legislation to abolish the levy, it was not enacted—I understand that it is still on the statute book and can be enacted by a statutory instrument. At that time, there were negotiations and discussions on the then British Horseracing Board's ability to sell its data rights to bookmakers in order to get money for racing.

That option was seen as a possible way forward. However, at that time, the European Union, being the wonderful organisation that it is, decided that this could not happen. It is now time to revisit that opinion, as expressed by the European Union—and, for the benefit of those reading this in *Hansard*, I was being sarcastic when I described it as a "wonderful organisation". That decision has to be revisited, because I see a need to replace the levy. I have thought long and hard about this, and I think that the Minister probably ought to announce that the statutory levy will end in, let us say, three years' time. That would give racing the opportunity to forge new relationships and develop new income streams, in the knowledge that the levy will no longer be there after a certain point. Setting a date will concentrate people's minds, so that they have to come up with other funding mechanisms.

Martin Horwood (Cheltenham) (LD): I warmly welcome the hon. Gentleman's support for the motion, which is very welcome indeed. I welcome even more warmly his comments about Cheltenham race course, which is the world centre of jump racing—if it is not the favourite jump racing course of the hon. Member for West Suffolk (Matthew Hancock), I am sure that, between us, we can secure him an invitation to the gold cup that will persuade him. However, does the hon. Member for Tewkesbury (Mr Robertson) think that structural changes in the betting industry, the media and even the technology involved in betting have contributed to the levy's becoming outdated, and that both whatever replaces it and the governance structures that will come afterwards need to be sufficiently flexible to cope with future changes, so that we do not get locked into something that again becomes outdated as both industries move on?

Mr Robertson: The hon. Gentleman is absolutely right. I think that I am right in saying that when betting shops were licensed in 1963, about 100% of their income came from bets on horse racing or greyhounds. Now, if we put fixed odds betting terminals into the equation, the figure is as low as 35% in many cases. We have also had the internet and betting exchanges coming forward. None of that was seen or even thought of in 1963, so he is right. The world has moved on. Racing cannot go back to 1963 and say that it wants the same funding mechanism. I also entirely agree that when we decide on a replacement for the levy, we have to be flexible. That is why I would prefer more commercial arrangements, because they are, by necessity and by their very nature, flexible.

Jacob Rees-Mogg (North East Somerset) (Con): There is just one question that I would raise, and that is about the speed of change. We have seen some scandals in betting, notably in cricket, but in horse racing there have been remarkably few. It has been very honest, which may be because of the close relationship between the betting industry and the horse racing fraternity, brought together by the levy. It would be worrying if that was broken and if something was not put in its place that would keep the system honest.

Mr Robertson: I understand my hon. Friend's point, but I think that the levy drives people apart. I do not think that it brings them together. However, the British

[Mr Laurence Robertson]

Horseracing Authority has done a good job of keeping the sport clean, which I accept is essential.

I want to move on quickly, because I have only a minute left. The Minister should give some consideration to announcing the end of the statutory levy, perhaps in three years. I emphasise the word "statutory", because racing can always come to an arrangement with bookmakers whereby they still get paid for bets or picture rights, or whatever else.

I want just to touch on the importance of the Tote. The future of the Tote has to be secured. I very much hope that the Minister will allow the Tote's own bid to continue to run the organisation, at least through to the next round. Last year the Tote contributed £19 million to racing, one way or another. If that were lost, racing would suffer a very severe blow indeed. I am not sure that a straight commercial sale of the Tote would provide security for racing, nor would it benefit racing in the way that the Government have promised it would. Let us not forget that the taxpayer has never put a single penny into the Tote, and therefore, in my view, does not deserve any money out of any transfer of its assets. I am always on the side of the taxpayer, but in this case the interests of racing should come first.

1.30 pm

Catherine McKinnell (Newcastle upon Tyne North) (Lab): Before I talk about the horse racing levy and the impact of its decline on Newcastle racecourse, which is in my constituency, I should declare a non-declarable interest in the matter. The racecourse has a proud place in the history of Newcastle and the wider region, but it also has a prominent place in my life. In addition to my own, less frequent, visits to it, it is arguably where my father spends his happiest times—other than time spent in the bosom of his family, of course. His Christmas present for many years has been a family club-together to buy him an annual pass for the races, and his father's day gift a subscription to *Racing Ahead*. We recently celebrated his 60th birthday there in style, enjoying the hospitality offered at the race course. I must therefore declare a strong personal interest for the sake of my father and many like him, who I am sure have a deep fondness for, and interest in, the safeguarding of Newcastle racecourse's future.

There has been horse racing of one kind or another on Tyneside for the past 350 years. Newcastle's town moor hosted the first recorded Northumberland plate in 1833 and continued to do so until 1881, when the race moved to the now-famous High Gosforth park. The 812-acre High Gosforth park estate had been bought for £60,000 from Newcastle's prominent Brandling family to be operated by a

"body of speculators actuated with the desire to promote sport in a proper fashion and get a fair return for their trouble and outlay."

I believe that that summarises the subject of our debate today quite adequately. The Northumberland plate was first run at High Gosforth park in 1882. It is now an annual event anticipated and enjoyed by many people in Newcastle and across the region.

Like the 59 other racecourses around the country, Newcastle racecourse continues to play an important role in the local economy, providing significant employment and acting as a social, commercial and community hub all year long. The racecourse hosts 30 race meetings throughout the year, and employs 26 full-time permanent staff and as many as 250 casual or part-time staff on race days. All those people are from the local area and rely on that full-time or additional income to support themselves and their families.

As right hon. and hon. Members might be aware, I am a passionate supporter of apprenticeships, which is why I have introduced my ten-minute rule Bill, the Apprenticeships and Skills (Public Procurement Contracts) Bill, which is due to have its Second Reading on 11 February. I am delighted that Newcastle racecourse has recently agreed to take on its own apprentice, through the Essential Partners organisation, which works with local colleges to deliver funded apprenticeships for 16 to 18-year-olds in customer service roles.

Newcastle racecourse, with its regional conference and exhibition facilities, makes a vital contribution to the city's impressive leisure and cultural offering. This is incredibly important, as the growth of the tourism industry and visitor economy in the past decade or so has been one of the real success stories for Tyneside and the wider north-east region. I hope that Ministers at the Department for Culture, Media and Sport will be aware that the increase in visitor numbers to north-east England has been outstripped only by London in recent years, and that the industry in the Newcastle-Gateshead area is worth £1.23 billion and supports around 19,000 jobs. Let me take this opportunity to invite the Department's Ministers to visit Newcastle and the north-east—which I believe they have yet to do—where they can sample for themselves the excellent attractions and facilities that Newcastle has to offer the discerning visitor. Newcastle racecourse is one of the highlights of the area.

But I digress, Madam Deputy Speaker. I am sure that hon. Members are aware of the purpose of the horse racing levy. The hon. Member for West Suffolk (Matthew Hancock) set out eloquently the arguments for the levy and for ensuring that there is a fair return, and I will not repeat them. I appreciate that the betting industry takes a very different stance from that of Racing United and the British Horseracing Authority on this issue, but the facts of the matter are clear. The mechanism through which British horse racing has been supported since the 1960s, given the significant profits that it affords the betting industry, is producing rapidly diminishing returns. It is argued that the levy system developed 50 years ago simply does not properly account for modern-day methods of betting on horse racing. I agree with the concern of the hon. Member for West Suffolk that the situation is putting prize money at risk, which in turn could make horse racing less viable, as the levy funds half of all the prize money awarded by the British Horseracing Authority.

Matthew Hancock: Is the hon. Lady aware that, over the past year, the contribution from the levy to prize money at Newcastle race course, which she so loves, fell by 41%?

Catherine McKinnell: That concern has indeed been raised with me by Newcastle racecourse, but the situation applies across the board. As the hon. Gentleman has pointed out, Britain is, on average, 37th in the world in terms of prize money awarded. That is a matter of great concern. The declining level of the horse racing levy

also threatens to jeopardise the safeguarding of the sport's integrity and standards, veterinary science and education, training programmes and, indeed, the very future of our racecourses.

The impact of the declining horse racing levy and the continued uncertainty about its future were summed up very well by the general manager of Newcastle racecourse in a recent conversation with me. He told me:

"The levy money we receive is hugely important as it underpins our desire to employ more staff, invest in the business and grow the race course in the community. The reduction in the levy means that this is not currently possible and jeopardises our vision for the future. The levy reduction is already affecting our staffing plans for race days in January and February."

Nigel Adams (Selby and Ainsty) (Con): Over the past three years, the reduction in the levy's contribution to the industry has been £50 million, which represents a significant sum of money coming out of the industry. Does the hon. Lady agree that we need to act on this matter quickly? My hon. Friend the Member for Tewkesbury (Mr Robertson) suggested delaying a decision for three years, but I am not sure that the industry can wait that long.

Catherine McKinnell: I would leave to the Minister's discretion the question of whether this should involve a gradual process or a more immediate emergency response, but I want to make a plea today for an immediate response on the percentage of the horse racing levy that is going to be contributed this year.

Mr Laurence Robertson: Just to clarify the matter, I was not suggesting that a decision should be delayed for three years. I just think that there should be an end date to the statutory levy in order to speed up the examination of other opportunities for funding to horse racing.

Catherine McKinnell: I thank the hon. Gentleman for that clarification; that was my understanding of the point he was making in his speech.

I find the words of the general manager of Newcastle racecourse deeply worrying, not only because of the economic implications at a time when Newcastle and the north-east face difficult times as a result of the Government's cuts but because of the potential knock-on effect on commercial activity and the tourism industry in the region. I would hope, given this Government's apparent commitment to supporting regions such as the north-east to grow their private sector in order to replace the thousands of lost public sector jobs, that the Secretary of State and the Minister will be equally troubled by what Mr Lane had to say. It is disappointing that we have reached a stage at which the Secretary of State has had to intervene on this issue, but I would urge him to reach a fair and equitable decision on the levy for 2011-12 as a matter of urgency.

For all the reasons that I outlined earlier, it is also vital that British racing is placed on a secure financial footing for the long term, thereby allowing racecourses such as Newcastle that want to continue to thrive, further invest in their business and staff, and provide entertainment and pleasure to people such as my dad, to do so for many years to come. I look forward to hearing the Minister explain how he intends to secure that outcome.

1.39 pm

Mr Don Foster (Bath) (LD): I congratulate the hon. Member for West Suffolk (Matthew Hancock) on securing this really important debate. As we have heard, there are 60 racecourses in the United Kingdom. They provide 20,000 direct jobs and a further 80,000 indirect jobs. They provide about £330 million in tax income to the Exchequer. Racecourses provide a wonderful range of opportunities for events to be held, they are a significant boost to tourism and, of course, provide a product that is critically important to the gambling industry.

For some 50 years, there has been an interdependence between racing on the one hand and the gambling industry on the other. We know that the racing industry provides its share of the bargain by having a rule book, which is largely determined by the gambling industry. There are some 1,500 racing events every year and about 80% of them are dictated by the gambling industry. If that were not the case, who in their right mind would think of holding a race meeting on a cold, wet, winter's evening if they were reliant only on attendance money to cover the costs? That is its side of the bargain. As we have already heard, to ensure that bets are fair and clean, a huge amount of money is spent on integrity and other such issues.

On the other side, as part of the independence deal, the gambling industry makes a contribution not only through the levy, but by sponsorship and other forms of support, although it is predominantly through the levy and through the increased money paid for television coverage. The levy provides funds to be used for prize money, which is critical—not least, as we have heard, for far-away courses in Scotland and elsewhere—but it also provides money for developments in veterinary science, for jockey training, education and much more.

Andrew Griffiths: I am lucky to have Uttoxeter racecourse in my constituency—a magnificent historical racecourse that is home to the west midlands grand national. My hon. Friend will know that when it comes to prize money and fees, we have seen a drop of some 38% across the industry. My own racecourse, however, has seen it drop by 61%, which is having an impact on owners and their ability to take part in the industry. Does he agree that, ultimately, that will lead to the racecourse's demise unless we do something about it?

Mr Foster: I entirely agree, and it is borne out by evidence from the wonderful racecourse in my own constituency of Bath, as it doubtless is by Wincanton, which I was asked to mention by my hon. Friend the Deputy Leader of the House, and indeed by the wonderful course in the constituency of my hon. Friend the Member for Cheltenham (Martin Horwood). That is true because, as we have already heard, since 2003, when the levy brought £110 million into racing, it has fallen to about £65 million. Such a reduction has inevitably had an impact.

Jacob Rees-Mogg: I just want to claim a share of Bath racecourse, which I believe is in North East Somerset.

Mr Foster: Given the boundary changes, I have to concede that to my hon. Friend. I share the same passion he does for the course's continued success.

[Mr Foster]

I was explaining that the mutual interdependence has existed for 50 years, but it has become increasingly difficult. It is now critical to find a sustainable future for the link between the racing community and the gambling community. In so doing, we have to remove the involvement of politicians. I entirely agree with the Secretary of State when he said at the end of last year:

"Frankly, the government should never be the last resort in an essentially commercial negotiation".

A sustainable way forward should not involve politicians, but politicians will have to help find that way forward, which must be based on a number of fundamental principles.

The first principle is to be absolutely clear about what the levy is about. Many hon. Members will have come across a leaflet put out by William Hill, which says under the heading "Real People, Real Jobs":

"For every additional £1 million that the bookmakers are forced to pay in horseracing levy, 100 industry jobs may be lost for people like this".

It goes on to provide examples of such people. That is a bit rich from an organisation that has recently moved its internet betting operation—and is soon to move its telephone operation—offshore, losing many hundreds of jobs and about £12 million of tax revenue for the Exchequer. My key point, however, can be seen on the other side of the leaflet, which says:

"Whilst racing can depend on a 1960s state subsidy it will never have the incentive to modernise."

My clear understanding of the levy is that it is not a state subsidy; it is a relationship between two organisations. It cannot—as some have sought to portray it—be defined as state aid. We must be clear that this is a relationship between two organisations that get mutual benefit from each other. That is crucial to understanding what we are talking about.

Philip Davies: Will the right hon. Gentleman give way on that point?

Mr Foster: I will, but only briefly.

Philip Davies: The right hon. Gentleman says that this should not be considered as state aid, yet his beloved European Union—I, of course, want to be out of the wretched thing—takes precisely the opposite view. In looking at the French proposals for a horse racing levy, the Commission said:

"At this stage, the Commission considers that the aid measure contains all the features constituting the concept of State aid. After exploring several means by which the notified measure could be regarded as compatible with the rules in force, the Commission has not found any clear means of regarding it as compatible."

I am afraid that that is what the hon. Gentleman's beloved European Union said.

Mr Foster: I am grateful to the hon. Gentleman for reminding me of why I raised the point. There has to be clarification. Personally, having studied the various issues in some detail, I do not accept the definition that we just heard from him. Incidentally, even if he is right, which I do not believe he is, it would not threaten the levy as it was already in existence way before the establishment of those rules. There would not be a problem.

Matthew Hancock: Will the hon. Gentleman give way?

Mr Foster: I will, but I want to finish.

Matthew Hancock: My hon. Friend the Member for Shipley (Philip Davies) mentioned the European Commission's view of the French system, but would it not be better to look at the view of the British system? The levy board does not define the levy as state aid precisely because it is a transfer between two industries. Moreover, a racing right would establish a property right on which our whole constitution is based.

Mr Foster: Since we are getting into this topic, I shall go into a little more detail and omit some other parts of my speech. Having looked at the issue, it is clear to me that levy grants and loans are not paid by the state; by definition, therefore, they are not state aid and they are not provided through state resources. They do not impose a selective advantage; they do not distort or threaten to distort competition; and they do not affect trade between EU member states. On all criteria, this does not amount to state aid.

I hope that we can sort out three things when we come to finding a sustainable future. The first is the offshore issue. I have long argued that we have to do something about that and I was delighted that the hon. Member for Bradford South (Mr Sutcliffe), when he was the excellent Minister with that responsibility, instituted consultation on the issue. I want to see a situation where any firms or organisations regulated offshore—whether they be in the European economic area or are white listed—that want to advertise within the UK must have a secondary licence, which would require them in turn to contribute to the levy and to research, education and treatment for gambling addiction. I hope that we can resolve that issue.

Secondly, we need to resolve the issue of betting exchanges. They cannot be allowed to get away with having no involvement in the levy. As other hon. Members have said, however, I welcome it when some of those organisations make voluntary contributions.

Thirdly—a totally separate issue that is also important—I believe that we need to support our bookmaking industry, particularly the small independent firms that are losing out. I believe that the current charging regime of the Gambling Commission penalises them unfairly. I am worried that the current threshold, which was designed to help them, does not in fact do so, because each individual shop within a large chain reaps the benefit, rather than the small independent bookmakers. The levy board has proposed that we should remove the threshold, but I hope that we will not remove it, but reform it to provide more benefit to the small independent bookmakers.

We need to move forward rapidly, but the deal must be done between the two mutually related independent bodies—the racing industry and the gambling industry.

1.50 pm

Ms Margaret Ritchie (South Down) (SDLP): I congratulate the hon. Member for West Suffolk (Matthew Hancock) on securing the debate. I also join other

Members in registering a non-declarable interest: Downpatrick racecourse is in my constituency. The course, which recently celebrated its 275th anniversary, has contributed much to the horse racing industry on the island of Ireland, and the area has exported not only thoroughbreds but many jockeys and trainers to the industry here in Britain.

Speaking as the representative of a constituency with a substantial horse racing industry, which contributes to the local economy and to tourism, I want to see more regulation of the betting industry. That would protect both that industry and the horse racing industry. I am aware that horse racing in Northern Ireland is a devolved matter, but the local betting industry is being undermined by offshore betting, and my constituents and I would deeply appreciate any discussions that could take place with the Irish horse racing board and the Irish Government.

The funding of racing in both the United Kingdom and the Republic of Ireland depends on returns from the betting industry. In both jurisdictions, research has demonstrated that it has decreased significantly owing to the amount of business that is directed offshore. As the hon. Member for West Suffolk pointed out, the offshore betting industry, which includes both betting exchanges and some of the larger bookmaking chains, is taking advantage of loopholes in the system to avoid making a fair contribution. For example, online businesses allow firms to locate a server offshore in places such as the Isle of Man, Malta and Gibraltar, and route the bets by means of "phone to server". A bet then becomes that country's bet for tax purposes, as a result of the William Hill judgment in the European Court of Justice.

Those problems need to be addressed, because they are having an impact on our local industry. They have implications for jobs, and for all involved in the horse-racing industry. Many of us hold that industry very dear, because we represent rural constituencies of which horse racing is a central part.

Duncan Hames (Chippenham) (LD): I agree with the hon. Lady's critique of levy avoidance, but does she agree with me—and with my right hon. Friend the Member for Bath (Mr Foster) and the hon. Member for North Swindon (Justin Tomlinson)—that any measures to tackle it should not fall disproportionately on small betting shops or, indeed, small groups of bookmakers?

Ms Ritchie: I entirely agree with the hon. Gentleman. I am about to deal with that very point.

The larger bookmaking chains argue that they have moved offshore in a bid to compete with the betting exchanges. Betting exchanges allow unlicensed individuals to lay bets and to incur no gross profits tax or associated costs on their winnings. Like the hon. Member for Chippenham (Duncan Hames), I fear that the smaller bookmakers and gambling establishments in rural towns throughout the United Kingdom and Ireland are deeply affected by that, because the current legislation and, perhaps, the regulations governing it are out of date and do not take on board offshore and online betting. I understand that in the UK, Betfair, one of the online systems, pays duty on the commission that it charges, and that the commission ranges from 2% to 5% of winnings depending on individual turnover. Last week I met representatives of the bookmaking industry on the island of Ireland. They expressed those very concerns, and they were very pleased that we would be debating the issue in the House, because they wanted an opportunity to ensure that their views were articulated here.

I hope that we on the island of Ireland will be able to undertake further exports such as that of A. P. McCoy, whom I congratulate as a person from County Antrim who has done exceedingly well as a jockey, has made an enormous contribution, and has been an excellent ambassador for the horse racing industry. However, I agree with other Members that the industry needs a sustainable future.

I ask the Minister to consider all the points I have made. I also ask him to make appropriate representations to, and hold appropriate discussions with, his opposite number in the Irish Cabinet as soon as possible to ensure that the industry on both islands has that sustainable future, because it makes a marked contribution to the local economy and also to tourism.

1.56 pm

Miss Anne McIntosh (Thirsk and Malton) (Con): As this is the first debate in which I have participated in my capacity as the newly elected Member for Thirsk and Malton, it would be remiss of me not to pay tribute to my predecessor in the Ryedale and Filey part of the constituency. John Greenway was a stalwart of the racing industry, and the immediate predecessor of my hon. Friend the Member for Tewkesbury (Mr Robertson) as one of the co-chairmen of the all-party parliamentary racing and bloodstock industries group.

The new constituency resulting from the marriage between Thirsk and Malton and Filey contains 31 trainers with nearly 1,000 horses. Given that each trainer will probably employ one member of staff per 3.5 horses, about 270 people are directly employed by trainers. Obviously that excludes those in ancillary professions, such as vets, and many businesses.

Although the subject of the debate—which I am delighted that my hon. Friend the Member for West Suffolk (Matthew Hancock) has managed to secure—is the future of the horse racing levy, I hope that it will be inextricably linked with the issue of a vibrant future for the horse racing industry per se. As a number of Members have pointed out, the industry is struggling. Trainers in particular feel that they are in severe financial straits. I referred earlier, in an intervention, to the reduction in prize money, and a Member representing a Scottish seat mentioned rising fuel costs. The cost of diesel is at a record high in north Yorkshire, and, as we have already heard, it is pushing up the costs of transporting horses, jockeys and stable lads and lasses to race meetings.

Philip Davies: My horses are trained in my hon. Friend's constituency. I think that this is the first time that Mr Michael Easterby, who has the pleasure of training them, has been described as being in dire financial straits. However, I am sure that he would agree with my hon. Friend, even if no one else would.

Nearly 50% of betting shops make a profit of less than £17,000 a year. Does my hon. Friend have some regard to their dire financial straits as well?

Miss McIntosh: My hon. Friend's horses are obviously in the right place. I can imagine no better place than North Yorkshire in which to train them, and I hope that that is reflected in their success.

[Miss McIntosh]

I do not know whether time will permit me to deal with betting shops. Small independent betting shops and chains of betting shops obviously exist in market towns such as Thirsk, Malton, Filey and Easingwold in an average constituency such as mine, but they have alternative means of making a living. They increasingly provide one-armed bandits and other forms of betting, not least on the outcomes of political elections.

Justin Tomlinson: I met an independent bookmaker who is responsible for 11 bookmakers, including some in my constituency. The changes to the threshold rules might mean an increase of 78% in their levy contributions. A lot of extra alternative sources of income would have to be found to allow that business to remain viable.

Miss McIntosh: I am grateful to my hon. Friend for making that point, and perhaps I should say that trainers are struggling financially, rather than that they are in severe financial straits. This is also about the ability of trainers, on an ongoing basis, to sell their wares and persuade the horse owners to stay with the industry, which obviously they love, rather than investing in other areas. Nobody has yet focused on feeding costs, which are putting up the cost of training the horses. The reduction in prize money has been mentioned and I hope that the Minister will address it. I also add that trainers are major employers in rural areas and their businesses support countless other businesses in rural communities, as the hon. Member for South Down (Ms Ritchie) mentioned, so it is vital that they are seen to have a fair return on that.

I welcome the fact that this debate has touched on the importance of racing to the fabric of rural life—to the economic, social and cultural way of life in the countryside—which is particularly true in North Yorkshire. Yorkshire boasts some of the finest racecourses in the country, not least those at Thirsk and neighbouring Wetherby and York. Like all the other 60 racecourses, the one at Thirsk plays a vital role in the local economy, providing employment not only for its staff, but for trainers, jockeys, stable lads and lasses, farriers, vets and breeders. Malton is an internationally renowned racehorse training centre and, along with Thirsk, is home to some of the country's top racehorse trainers. As I have mentioned, more than 30 trainers are based in just one constituency.

The hon. Member for Bradford South (Mr Sutcliffe) used to be the Minister responsible for this subject, but I put this question to the current Minister: is it possible to replace the levy by a £1 per shop race fee to raise £90 million per year? The right hon. Member for Bath (Mr Foster) made a serious point. I was an intern, as we now call such people—they were rather glamorously called "stagiaires" when I was one—in the Directorate General for Competition for some six months. I understand that for a levy to count as state aid it would have to be shown that there was a direct subsidy to an industry in one member state and thus a disadvantaging of industries in other member states. The right hon. Gentleman and others told us that levies were being sought in other countries as well, so I hope our case will be put, including by some of our powerful colleagues on both sides of the other House who will be able to advise us in this regard. I do not have much sympathy with the argument that the proposed changes to the levy are state aid or would distort trade between member states. I take some comfort from the fact that all of us who take an interest in the industry can reach out to the industry in other member states, using our good offices to make these points to the Commission.

My second plea to the Minister, which other hon. Members have also made, is to keep the Tote within racing. I pay tribute to the previous Government's acknowledgement of the vital importance of racing, which is undermined by the arguments about state aid. I have addressed that matter and I hope that we can take it forward.

The third point I wish to make to the Minister relates to a proposal to close all the loopholes being exploited by bookmakers and the betting exchanges in order to raise £60 million a year via a percentage deduction transaction fee on all bets on the exchanges. As I said, I represent a host of betting shops and I take some comfort from the fact that the manager of one of them has written to me in the context of this debate. He said:

"The current issues facing the Horserace Betting Levy are less to do with the total amount generated by the levy and more to do with how it, and other income streams, are distributed within Racing."

That issue has to be addressed. He continued by saying:

"I...support the 'minimum tariffs' initiative recently announced by the Horsemen's Group".

I wish to place on the record my tribute to the work of that organisation and its pan-industry view, and I hope that its voice will be heard on this matter.

I do not believe that a positive way to bring the industry together is by thinking that the trainers, racehorse owners and all those employed in the industry are on one side, and the betting shops and gamblers are on the other. The danger to the system—this is the challenge the Minister will face—is the offshore aspect, to which my hon. Friend the Member for West Suffolk referred. Addressing that situation is the purpose of today's debate.

I conclude by saying that all hon. Members who have racecourses and the racing industry represented as strongly in their constituency as I do in mine benefit from such a committed industry. I wish to pay tribute to the fact that racecourses attract enormous amounts of tourism; small racecourses such as Thirsk's are very attractive. Obviously it meets mostly in the summer months—we avoid the winter months—when the evening meetings are particularly well subscribed, as are the weekend meetings. I also wish to lend my support to point-to-pointing, which has an enormous attraction in rural communities and allows amateur jockeys to benefit. I invite the Minister to recognise the all-pervasive nature, in a very positive sense, of the racing industry. I understand the particularly difficult position that he is in, but I hope that, through him, we can avail ourselves of the good offices of the Secretary of State to make the case in the strongest way to the European Commission and to ensure that all aspects of the racing and gambling industry have a vibrant long-term future.

Several hon. Members *rose—*

Madam Deputy Speaker: Order. May I remind hon. Members that seven Members wish to speak and I will be calling the Front Benchers to make the wind-ups at 2.40 pm? There may be an eight-minute time limit, but

if every Member is considerate of their colleagues and makes much shorter speeches, and perhaps if those itching to make interventions decide not to do so, we will be able to get everybody in.

2.7 pm

George Freeman (Mid Norfolk) (Con): I shall be as quick as I can. I congratulate my hon. Friend the Member for West Suffolk (Matthew Hancock) on securing this important debate and remind us all that thousands of people in the racing industry are watching us closely in the hope that we will be able to contribute to a settlement.

Mid Norfolk is not a racing constituency, but I wish to major on two key points, the first of which is the importance of racing at its grass roots in the rural economy. My constituency is adjacent to Fakenham racecourse, which is a magnificent centre of racing in Norfolk. A large number of my constituents follow racing closely and there is a strong link with the farming community. Through the magnificent West Norfolk Foxhounds and the local point-to-point facilities, racing at its grass roots is embedded in the rural economy and does not exist in isolation.

My second interest is a personal one, and I hope that the House will indulge me. I grew up in and around Newmarket in a racing family. As some of the more senior Members of the House who follow the sport may know, my father stormed to victory in the 1958 grand national on a brave Irish gelding called Mr What. My uncle served for many years as chairman of the then British Bloodstock Agency and my brother trains in north America, along with a large number of people who want to get into this industry, some of whom do not find it that easy. I have spent some time on the back stretch in America and Canada and have seen how different industries around the world are structured.

My hon. Friend referred to the heritage of racing. The fact that racing is not just an industry is an important point. Racing sits at the heart of what it means to be British: people who do not follow racing have surely heard of Red Rum and Desert Orchid; Bob Champion and the story of Aldaniti is a national legend; and Frankie Dettori is a national figure. I defy those who have not been to a point-to-point meeting, to Cheltenham or the Guineas meeting to say different; people are aware of racing and its part in our national heritage and history.

This afternoon, we are principally discussing racing as an industry—as a business. I want to make the point that it is an important national business. At a time when the Government are rightly putting a lot of emphasis on rebalancing the economy and doing everything they can to promote business and growth beyond the City of London, this giant industry is struggling and we would be well advised to help it. It generates more than 100,000 jobs and a turnover of more than £3.5 billion, as well as a huge local underpinning of that through the trickle-down to farriers, vets and those who sell clothing and equipment—all the secondary industries that feed racing.

So what is the problem? The racing industry as we have grown to know and love it is unsustainable. Its financing model is broken. It is incumbent on all of us who care about it as an industry and about our economy to tackle that. My hon. Friend the Member for West Suffolk and others have spoken at more length and with more expertise than I on the nature of the broken financing system. I want merely to point out three things. In France, the return from betting to the industry is, I believe, in the order of €700 million a year, whereas in Britain it is in the order of £30 million to £35 million. The levy contribution to racing is falling from £100 million to £60 million—a huge drop. The return from betting to racing, expressed as a ratio percentage, is about 1%. In Japan it is 5%, and in America 8%. That is an unsustainable platform for the industry that we have a duty to tackle.

The crucial and central point is that those who depend on racing have a duty—and an interest in that duty—to ensure that it is sustainable. Too many people have been taking too much out and not putting enough in. To stretch a metaphor, rather than force-feeding the goose that lays the golden egg, we are neglecting her. The truth is that one cannot push, as the betting industry has, for more meetings—that is totally understandable, as they want more product—and lower prize money. The industry cannot sustain that. That is symptomatic of the situation across a number of fields of modern life and in other sports. We concentrate too much on the top of the pyramid and neglect the grassroots. We neglect the smaller meetings, smaller tracks and smaller trainers and owners that prop up the more celebrated, well known and better off ones at the top. We do so at our peril.

I have spoken to a number of trainers and those involved in racing in the past few days and weeks. A number of them made the same point as my hon. Friend the Member for Thirsk and Malton (Miss McIntosh): with the cost of living and fuel prices rising as fast as they are, a number of smaller owners and trainers cannot even afford to get to the races; it simply does not make sense when prize money is as low as it is. Of course, one group of people who suffer from that underinvestment at the top when horses are winning races, which by definition most do not, are those at the bottom—the often lowly paid stable lads and others who prop up the industry. We cannot properly improve the quality of their lives and incomes without improving the prize money at the top. It says something about the state of the industry when a legend as highly regarded and skilled as Pat Eddery decides that the game is not worth the candle.

Accelerating my speech, I want to support the comments of my hon. Friend the Member for West Suffolk about the importance of some new settlement for the industry. I urge the Minister to take those comments very seriously. I have worked in biomedical research, where intellectual property rights sit at the heart of the industry, protecting the interests of those at the bottom. That concept works well and I commend it to the House. It could give us a chance to create a new settlement for this great industry and ensure that it is sustainable for the generations that follow.

2.14 pm

Peter Aldous (Waveney) (Con): I congratulate my fellow Suffolk MP, my hon. Friend the Member for West Suffolk (Matthew Hancock), on securing this debate. It provides me with an opportunity to participate in a debate on the future of a sport in which I have had a lifelong interest. At the outset I should mention some non-declarable interests.

[Peter Aldous]

Although I am not a horse breeder, I am a member of the Thoroughbred Breeders Association so that I can receive its useful publications, and for many years I have been an annual member at Newmarket.

I have gone racing in other countries and although days at Santa Anita, Saratoga and Longchamp are never to be forgotten, nothing quite matches what is on offer in Britain, whether it is at Aintree or Epsom, the homes of our two most famous races, under the trees of the pre-paddock at Newmarket or at the very special atmosphere at the Cheltenham Festival, which commentators such as Hugh McIlvanney have observed has no equal in the sporting world.

What has always intrigued me is that British racing has continued to lead the world despite the very low levels of prize money on offer. In national hunt racing, I think that that is because the love and passion for both the spectacle and the horse is ingrained in so many people, while in flat racing the prestige associated with winning the major races means that there is a clear incentive for the major international players to continue to race here. At this stage, I should mention the Maktoum family and Khalid Abdullah, as well as other owners who have made such an enormous contribution to and investment in British racing over the past 30 years. Without them, racing would have faced its day of reckoning much earlier.

Some might say that that day of reckoning has not arrived and that racing has cried wolf before and has always survived and carried on. It is wrong to say that now. Prize money has fallen to such a low level that urgent action is required. Without decent prize money at all levels, owners will leave the sport, trainers will give up and grooms who work in the yards will be laid off or will have to work harder for a wage that certainly cannot be described as "living". It is prize money that oils racing's wheels and keeps the whole show on the road.

Although I was born in 1961 and do not have a full knowledge of the negotiations that took place then, in my view the levy was flawed from the outset. I accept, however, that I say that with the benefit of hindsight. In most other racing countries, there is a monopoly whereby all revenue derived from pool betting goes back into racing. As a result, in those countries, the majority of racing's revenue comes from betting.

The yield from the levy has fallen dramatically from £115 million in 2007-08 to £65 million in 2010-11. The British Horseracing Authority says that action is needed in four key areas to ensure that racing gets a fair return on its product. I shall consider each in turn. First, the betting exchanges that have grown up in recent years should pay a proper commercial return to British racing. To me, that argument is compelling. Secondly, bookmakers who have moved their operations offshore should be included in the levy. Again, that sounds logical to me: if they are using a British racing product they should pay for it. However, I note from today's *Racing Post* that such a move might be open to legal challenge. Thirdly, horse racing wants to abolish the threshold rule that currently exempts 60% of betting shops from paying the full rate of the levy. If the major bookmakers are exploiting that loophole to avoid paying their full dues, it is right that the anomaly should be addressed. However, one should have regard to the plight of the smaller independent shops, which, like so many high street traders, are struggling. They should receive some assistance to help them compete against their larger rivals. Finally, British racing wants to reinstate payments for customers in Britain placing bets on overseas racing. I want to receive more information on that argument as my immediate reaction is that overseas racing is not the industry's product to sell.

Although racing has a strong case to receive a higher price for its product, it needs to look at the package that it provides, not only to meet the requirements of its buyer, the betting industry, but to look after the interests of its various component parts, whether that is racecourses, owners, breeders, trainers, jockeys or—not to be forgotten—the stable staff who keep the whole show on the road in often trying circumstances and very poor weather.

To be fair, racing has not done a bad job in recent years. As reported in today's *Racing Post*, just under 5.8 million people went racing in 2010, a rise of 0.9% on 2009 despite the bad weather that wiped out most racing in December. The various racing festivals that take place throughout the year remain extremely popular and are well marketed. There are also those courses that show imagination and flair and put on other attractions, such as music, that help them to attract large crowds to their meetings. Newmarket "nights" are a must on the East Anglian social calendar.

More needs to be done to enhance racing's attraction and to look after the interests of those working in the industry. The following areas could be considered. First, the fixture list needs to be reviewed. Too much racing is being put on to please the bookmakers at present, which has led to an increase in racing's cost without a commensurate increase in income. The cost of policing has risen from £16.2 million in 2002-03, to £25 million in 2009-10. In the same period, owners paid an additional £6.5 million in increased transport costs. Having wall-to-wall racing in the afternoon, at dusk and at night, seven days a week, places unreasonable pressure on those who work in the industry. Racing needs to have regard to sustainability. We need a fixture list with a good spread of meetings across the country each day. On opening the paper in the morning, one often finds meetings at Lingfield, Ascot, Warwick and Wolverhampton. Racing needs to go across the country on a daily basis and an all-weather course in the north should be considered, as should a day off once a month, perhaps on a Monday.

One of the main attractions of British racing is the large number of diverse courses—60 in total, all of which are unique in their own way—but racing must look at ways of rewarding those courses that show ingenuity and imagination in putting on attractive meetings. It should also look at ways of rewarding courses that look after themselves through promotion and sponsorship, invest in their facilities and do not just rely on the levy. The days of the levy junkie should come to an end.

There is also a need to look at ways of making racing more appealing to the public. Perhaps bullet races over two to three furlongs could be considered as racing's version of 20/20.

That brings me to the way forward, the future and my conclusions. There is no one simple solution to the host of problems that need to be addressed. First, the levy should be abolished and replaced with a fair funding mechanism that collects from as broad a base as possible.

Secondly, the Government should work with racing and the betting industries to establish which methods of payment are permissible from a legal viewpoint, and they should negotiate with the EU as necessary. In the forthcoming sale of the Tote, the Government must do all they can to look after the best interests of racing. I would like to see the Tote run by racing for racing.

2.22 pm

Ian Swales (Redcar) (LD): Each of our 60 racecourses plays a vital role in the local economy, providing employment and a social hub. My local course at Redcar attracts people from far and wide and is particularly attractive to trainers who like our flat, straight mile. The course is right in the middle of the town, so any threat to it would not just cause an economic problem but might become an environmental issue.

Racing and betting are inextricably linked. The sport's fixture list, scheduling, volume and even rules are largely dictated by bookmakers. Last year, I tabled an early-day motion with wording very similar to that in the motion. It was given the number 999, strangely enough, which was very appropriate because this is an urgent problem. I shall not repeat statistics others have given, but I shall mention one that has not been given: some 5.8 million people a year attend race meetings, so it is a huge spectator sport. It is imperative that the mechanism to transfer value between betting and racing is brought up to date and gives sufficient protection to local racecourses. As we have heard, the levy contribution to prize money is falling dramatically this year, down to £65 million. Redcar's prize money is being cut by 50%, which is a massive problem for the management at the racecourse. As we have heard, smaller racecourses face cuts of up to two thirds and are therefore clearly under threat.

Another important area that has not been mentioned but could be seriously affected is the number and pattern of fixtures, particularly at smaller courses. There has been a reduction from £6.9 million in 2009 to £2.1 million in 2011 in the fixture incentive scheme, which is paid to racecourses to incentivise them to hold fixtures on days when gate receipts are low. They do that so that bookmakers and the levy have a continuous horse race betting product. Some racecourses might abandon those important bookmaker and levy-friendly fixtures and move fixtures to Saturday afternoons, for example, when gate receipts would be higher. However, that would starve other parts of the week and bookmakers might have a problem with that.

If things do not change, there will certainly be a reduction in the annual fixture list of perhaps 400 fixtures next year, as they would not be financially viable for racecourses. That would further reduce the levy to the Horserace Betting Levy Board, clearly risking a vicious circle. The loopholes we have heard about cost racing millions of pounds a year. It is especially important that the threshold from which more than 60% of betting shops benefit should be reviewed rather than scrapped—I agree with that point. The vast majority of those shops are, indeed, owned by major operations. It is equally important to address the offshore betting issue.

The Tote should continue to operate as a pooled betting system. We see such systems in pretty much every other racing country in the world, and it is worth remembering that in some countries that have successful racing industries, a Tote-style system is sometimes the only legitimate form of betting. The chief executive of my local racecourse has pointed out that before we sell the Tote we should ask ourselves who owns it. The Secretary of State for Culture, Olympics, Media and Sport has previously stated his desire to

"ensure that funding for racing is fair, and collected from as broad a base as possible."—[*Official Report*, 8 November 2010; Vol. 518, c. 41W.]

Unless the levy is reformed, we cannot claim that either of those criteria is being met.

It is worth considering what might happen if we do not address the dramatic decline in the levy. In many ways a chain would be set up, many aspects of which would be irreversible. There might be racecourse closures with owners walking away. Some owners, including leading international owners on the flat, might transfer their horses to other countries, especially France, and other owners, especially at the lower end, would leave the industry. Some breeders might choose to go out of business or produce fewer foals, all of which would lead to a smaller industry with direct job losses to jockeys, trainers and stable staff, as well as indirect job losses in dependent businesses, including bookmakers. Local racecourses are often at the centre of their communities.

While methods of betting have advanced and become more modern, the levy has remained stagnant and become outdated. It needs to be urgently revised if we are to maintain this country's fine racing reputation and heritage. I understand the Secretary of State's stated wish to remove his Department from this issue, but the Government's historical involvement in the Tote and levy system means that they cannot just walk away. It is imperative that they leave an effective and sustainable system that will protect the diversity of racing in this country for the long term.

2.27 pm

Mr Robin Walker (Worcester) (Con): I congratulate my hon. Friend the Member for West Suffolk (Matthew Hancock) on securing the debate and I support the many excellent points that he and other hon. Members made. I thank him particularly for mentioning Worcester. I am fortunate to have in my constituency one of England's best-loved racecourses and to represent one of the few cities to have a racecourse right at its heart. Members of a literary bent will be interested to know that it recently featured heavily in Jilly Cooper's blockbuster, "Jump!"

The Pitchcroft racecourse in Worcester has seen racing for more than 200 years and provides vital green space at the centre of the city. It is one of the many wonderful things about Worcester that the city is rich in green spaces—not just formal parks but woodland, playing fields, the prettiest cricket ground in England and one of its finest racecourses. As the Member of Parliament for Worcester, I have vowed to protect those green spaces, and ensuring our racecourse remains viable is an important part of that.

Mr Graham Stuart (Beverley and Holderness) (Con): My hon. Friend's inspirational words about green spaces take me to the Beverley Westwood, which has been protected by the pasture masters of Beverley for hundreds of years and prevented from being developed, and in it sits the famous Beverley racecourse. So, like him, I wish to see the racing industry and our racecourses maintained for the benefit of the environment and the economy of the areas in which we live.

Mr Walker: My hon. Friend makes an excellent point.

Like other Members, I feel I should declare a non-declarable interest at this point, because although I have no personal connection with either the racing or the betting industry, my sister worked for many years as a groom and horse exerciser for a race yard in Shropshire. Being horse mad, a competitive spirit and one of life's natural risk-takers, she relished the opportunity to work with difficult horses and became a specialist in retraining some of the most challenging, not to say dangerous, horses in racing. Like many people in the industry, she worked for very low wages to pursue a passion. That passion is shared by many of my constituents who enjoy a day at the races at Pitchcroft and make the most of the public amenity provided by the racecourse.

Meetings at Worcester regularly attract up to 3,000 race-goers and are popular with local residents as well as visitors from miles around. On Derby day, Pitchcroft can attract crowds of up to 7,000. That brings business to the city, with people shopping and dining out after their day's racing, and can be a major economic boost for Worcester. The course provides not only racing, but an important venue for meetings, conferences, Worcester's annual Campaign for Real Ale beer festival, and many charitable events. However, all this is under threat for two reasons. The first, which is beyond ministerial control, is the power and might of the River Severn. The second is the decline in the levy.

Confident as I am in the Minister's powers, I would not ask him, Canute-like, to turn back the waters of the River Severn. However, I would ask him to take note of the special circumstances in which it places Worcester's racecourse. The very fact that it is on the floodplain is perhaps what has protected this green space in the heart of the city from development, but it also brings its challenges. Most years, there is some flooding of the course, and that can lead to cancelled races and days lost. However, in the summer of 2007, when Worcester was struck by its worst floods in decades, the racecourse was submerged under feet of water for many weeks. Major flooding of this sort has made plans to upgrade facilities and a one-time plan to invest in a course-side hotel unviable, and has posed a major financial headache for the course's management. As a result, Worcester is probably more dependent than many other racecourses on the money it receives via the levy to make racing sustainable and to attract trainers with prize money.

It is tragic, therefore, that this course of all courses should have suffered the biggest single cut in levy funding of any course in the country. The £300,000 reduction this year in Worcester's levy funding for prize money represents not merely the average 38% cut, nor the 61% cut that one of my hon. Friends mentioned, but a massive 68% cut in the funding from the levy board, and poses a significant risk to the long-term financial viability of the course and the many trainers, stables and jobs that it supports. In a period where racing attendances have been higher, and where the overall betting on British horse racing has remained strong, it seems extraordinary that we should see such cuts, and for a racecourse as popular and well attended as Worcester, for all its challenges, it seems deeply unfair.

Horse Racing UK has set out a four-step programme that it believes could replace over £100 million of revenue lost by the levy board. My ambition is more simple: to stem the sharp decline that has seen the levy yield almost halve since 2004, and Worcester suffer even more. Clearly there is a challenge for racecourse owners and managers to make up revenue in other ways as well—commercialising pictures and using the opportunities presented by the internet to grow their own revenues—but it is reasonable that the betting industry should pay its fair share. I urge the Minister, as he looks into these matters, to ensure that there is a system in place to make all bookmakers pay their fair share for the benefits that racing brings them. I note the cross-party interest that we have heard during this debate in the idea of a racing right. Any solution should take into account the need to maintain a diversity of courses in different locations around the country, to support those courses, such as Worcester, where racing has taken place for generations, and which support a wide network of racing stables, and to rebuild a healthier relationship between the gambling and the racing industries.

I share with the Secretary of State the disappointment that he has expressed that these two industries were unable to agree a mutually beneficial settlement this year, and I applaud his belief in free markets and his intention to remove Government intervention from the process. However, I would urge both the Secretary of State and the Minister, who will be looking at a new system of funding, to come up with solutions that take account of both the challenges and the opportunities of an online world, and make racing viable, not just for this year, but for hundreds of years to come.

2.33 pm

Guy Opperman (Hexham) (Con): I must declare an interest at the outset as a jockey. I hold a category B amateur rider's licence. As hon. Members will see as I strain to do up my jacket, I have a bit of problem. I blame Gordon Brown and the last election for many things, but in particular it put a stone on my weight, such that the winners I rode in 2009 I could not necessarily ride today. I have ridden out for and helped a variety of trainers, including Stan Mellor, Brendan Powell, Bob Turnell and Tim Reed. I probably would not have got through my school days had I not been able to run a small bookmakers at my school, aged 12, where the Friday ration of unlicensed booty was other children's sweets, which seemed miraculously to find their way into my pocket. I represent the wonderful constituency of Hexham. It is over 1,000 square miles and an especially wild and wonderful place, with, I venture to suggest, a better racecourse than those of Cheltenham and Liverpool, and all the others that proclaim that they are great.

This is a pivotal time. Racing is one of the most important, successful and world-renowned sports, and that can be said of few sports today. One would be unable to list more than five sports in which we are at the top of the tree, which we definitely are in racing. The levy has assisted in that, but if we fail to support it at this crucial time we will, without a shadow of a doubt, become far less successful and will regret the day we made that decision. We are 38th in the league tables—league tables are very popular these days—but that is a very poor place to be. The 1% return on investment compares with 5% in Japan and 8% in the USA.

Everyone accepts that it is an outdated model, and businesses exploit it. One could talk at length about the great merits of Betfair and others. I was certainly interested to receive a letter recently from a gentleman called

Mr Hawkswood, who represents the Remote Gambling Association, a particularly august organisation that represents more than 30 internationally recognised remote operators. To us, that means that they are offshore and do not pay any of the wages or individual contributions that we would like to see, and that is to the detriment of racing. I particularly like the following point that he made. He said that if we change the law that

"would be in breach of EU law and open to challenge in the courts."

He was also quoted extensively in this morning's *Racing Post*. If that is the case, bring it on, because we need to stand up for racing. A failure to do so would lead to a much lesser thing.

Every one of us could identify important race courses. I have ridden at Hexham, Cheltenham, Kempton and many others. There has been a 58% fall in individual receipts at Hexham, and a 60% fall at Towcester—I will never forget the scary down-hill fence there. The reality is that those courses are really struggling and need our support. I believe that the offshore situation is key. Either we address this, get organised and make the point, or we will really struggle. We must also look at betting exchanges. These issues are of prime importance. Simply doing nothing on an ongoing basis is a non-starter.

My hon. Friend the Member for West Suffolk (Matthew Hancock) and I started making that case in the Adjournment debate before Christmas, and he has done very well. He made the point that there is a real need for a racing right. Whether one calls it a sports betting right or a racing right, the bottom line is that the ability to run this on an ongoing basis is absolutely key. If we do not get supportive of this, with a cross-sport application of the individual things it involves, we will struggle. It is of prime importance that we do that. The present system might be broken and facing great difficulty in the way ahead, but we must address that on an ongoing basis. To fail to do so would be to fail the greatest thing, in terms of sport, that we have ever produced.

2.38 pm

Philip Davies (Shipley) (Con): I appreciate that time is short and so will be brief, although I will probably be the only Member to argue on the other side of what we have heard today. I should declare an interest as a former bookmaker, although I have no interest in bookmaking any more. I do, however, have an interest as an owner and breeder of horses and as someone who contributes to bookmakers' profits.

Considering that background, one might assume that I would want the maximum amount of income to be given to the racing industry from bookmakers, but I take exactly the opposite view. One reason why is that, as an owner, on the rare occasions when my horse manages to win a race, I know that the last thing I am interested in is how much prize money it has won. That is not even a factor in my hobby: it is a hobby, and I do not expect other people to subsidise it; I expect to pay for it myself.

The reason I am not interested in prize money levels is that in the 2009 flat racing season, one fifth of the £71 million prize money pot was concentrated in the hands of just 10 owners, many of them not just millionaires but billionaires. My hon. Friends failed to mention that, and why on earth we should want poor people in betting shops to subsidise the hobby and sport of immensely rich people throughout the world is beyond me. The bookmakers give as much money now to the racing industry as they have done in recent years, because of TV rights, yet they take less and less money on the sport.

I shall briefly touch on Betfair and betting exchanges, because the other side of the argument has to be put. People cannot operate as traditional bookmakers on Betfair. A bookmaker—I should know: I was one—takes bets on any horse in the race at the prices fed through from the racecourse, but on Betfair they would go out of business in two seconds if they tried that approach, because there is no margin. They can lay only individual horses, or two horses in a race at the most. If someone bets against a horse, however, it is just the same as betting for a horse: they act as a punter, not as a bookmaker; and it would be absolutely outrageous if punters on Betfair began to be treated as bookmakers.

The arguments of the racing industry and independent members of the levy board do not hold water. They have first decided how much money racing should get, and then tried to find some way of raising it, but that is like saying, "I've decided how much money I'm spending next year, and I need a 25% pay rise." The world does not work like that. We should decide on a fair mechanism by which bookmakers can pay the money, and racing, like everybody else in this age of austerity, should cut its cloth accordingly.

2.41 pm

Ian Austin (Dudley North) (Lab): This has been an absolutely fascinating debate. Today we have seen the House doing exactly what it should do: examining a complex and detailed issue from all sides of the argument. Members from both sides have demonstrated real, detailed expertise. Let us look at the previous two speeches: one from someone who has run a bookmakers; and the other from someone who participated in the sport as a jockey. How many other debates enable hon. Members from both sides to bring personal and detailed knowledge of a complex issue to the House? It has been absolutely brilliant.

We have heard people speak up on behalf of residents and businesses in their constituencies, whether racing fans or trainers, operators of betting shops or racecourses, owners or others who make such a huge contribution to the economy. So, let me congratulate the hon. Member for West Suffolk (Matthew Hancock) on securing this debate. It is fair to say that we have heard him stand up for the interests of his constituency, and for the jobs and prosperity that racing brings to Newmarket.

We have heard fascinating contributions from all parts of the House, and it is no surprise that so many Members have taken part, when we consider the hugely important role that horse racing plays in Britain's sporting and cultural life. With about 60 racecourses throughout the country and annual attendances of well over 5 million, it contributes about £3.5 billion directly to the economy, providing 100,000 direct and indirect jobs and generating £325 million in taxes.

Horse racing plays a major role in the tourism industry, attracting visitors from around the world to major events such as the grand national, the Derby, Royal Ascot and the Cheltenham festival, as well as of course to Hexham, Worcester and so on, as we have heard. What is more, it is a truly global sport, but one in which Britain plays a leading role, with world-class courses, training, breeding, bloodstocks and sales.

[Ian Austin]

The intrinsic link between racing and betting means that, in every country where the two take place, there is a mechanism to allow funding to go from the betting industry to support the racing industry. Here in the UK, the levy was established in 1961, and today it funds prize money for participants, the governance of the sport, the maintenance of its standards, veterinary science, training programmes, racecourses and other matters concerned with horse breeds and standards of care.

The levy is based on the betting industry contributing 10% of its gross profits to British horse racing. It is set by the Horserace Betting Levy Board, which has not so far been able to arrive at an agreement for next year, meaning that the Government are due to take the decision imminently, although the Secretary of State has said, like others before him to be fair, that this is the last time he wants the Government to make the decision.

In 2003-04, the levy contributed £110 million to racing, but that declined over the next three years to £99 million, and to £65 million this year as betting preferences have changed to new forms of gambling, and some betting has moved offshore. Racing argues that these developments have hit the sport hard, and that has led to the identification of several areas that would address the problems and increase the income received from the betting industry. The betting industry, on the other hand, argues that the amount that it contributes by having the right to broadcast races through media or picture rights and sponsorship has increased over the same period, and says that the total amount from the levy, TV picture rights and sponsorship payments from betting to racing has remained stable in recent years. The average total of these payments was £164 million between 2006 and 2010, and in 2010 it remained at £160 million, as the hon. Member for Shipley (Philip Davies) pointed out.

As we have heard, this is a hugely detailed and complex issue. The horse racing industry, bookmakers and other interested parties have widely differing views about how betting should fund racing and by what amount. As the Government consider how to put the relationship between betting and racing on the stable footing for the long term that we all want to see, and to decide what contribution bookmakers and others should make to the sport, there are a number of questions and areas on which we would like further detail or clarification. For example, can the Minister tell us what assessment the Government have made of the impact on the growth of offshore betting on the racing industry? When will the Government announce their response to and the outcome of the document, "Consultation on Regulatory Future of Remote Gambling in Great Britain", which my hon. Friend the Member for Bradford South (Mr Sutcliffe) launched last year and which concluded in June?

Betting is taking place in a different context as a result of new technology and the resulting globalisation of the industry, and that has had a major impact on the sport as a whole, its structure and its finances. What discussion has the Minister had with the Treasury about the sport and the betting industry over the past few months? Is he considering no longer permitting betting operators to advertise to and transact with British consumers in a way that allows them to avoid the levy?

Matthew Hancock: Do Labour Front Benchers support a racing right?

Ian Austin: I shall come to our views shortly. Our role at this point, four and a half years away from an election, is to listen to all sides of the argument, as in this debate, and to interested parties outside, and that is what I want to do. Then, at some point, we will arrive at a view. The Government are going to make this decision in the next few months. [HON. MEMBERS: "What do you think?"] I think it is my job to listen to all sides of the argument, to ask the Government questions about their intentions, and at some point—not now, with four and a half years to go until an election—to arrive at a view on this and on all sorts of other issues.

What consideration has the Minister given to ensuring that betting exchanges and the professional bookmakers who use them, but do not pay full tax and levy, make an adequate contribution to British racing, or the same contribution to British racing as the rest of the onshore betting industry?

Several right hon. and hon. Members have queried the threshold rules introduced by the previous Government. Does the Minister believe that those should be altered? Racing argues that payments for customers in Britain who place bets on racing overseas should be reinstated. The betting industry argues that thresholds were previously reduced substantially in exchange for removing the levy on foreign racing, and that it would be odd to charge a levy payable to British racing on events that are nothing to do with British racing. What thought has the Minister given to this issue?

Labour Members recognise the enormous contribution that horse racing makes to Britain and to so many of its communities in so many ways, particularly in rural areas, and we want to see the sport strengthened and placed on a secure and stable financial footing for the long term. Our manifesto promised that as betting on sport increases, we would bring forward measures for consultation on generating a fair return to sport based on a contribution from the profits of the betting industry. We will work with the levy board to ensure that all operators taking bets on British races pay to support British horse racing.

As I have said, the Government have to establish next year's levy, but we want a wide-ranging discussion that develops proposals to put racing on to a secure financial footing for the long term. We believe that ordinary racing fans want to see racing thrive in Britain, funded by the industry's profits. We want plans to be developed to reform and modernise the funding arrangements for racing.

The Labour Government made the commitment that half the proceeds from the sale of the Tote would go back into racing. We also want the Tote, under future arrangements, to make a permanent contribution to racing. We want its ownership to be transferred into safe hands to ensure racing's financial future.

I will conclude my remarks on that point to give the Minister his full 10 minutes. I congratulate again the hon. Member for West Suffolk on securing this debate, and all hon. Members who have taken part in what I have found to be a fascinating and informative discussion.

2.50 pm

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (John Penrose): To begin, I echo a common thread throughout the debate by

congratulating the hon. Member for West Suffolk (Matthew Hancock)—I nearly called him the Member for Newmarket, but his constituency is of course broader than that. I also congratulate the Backbench Business Committee on choosing what is clearly a well selected debate, given the breadth, depth and variety of the contributions. That shows what an important issue this is.

The motion calls for the Government to come forward with proposals by the end of the year. I am happy to accept that as the challenge and the target, and we will aim to meet it. I cannot make announcements right now, it being only January. The consultation that was kicked off by the last Government has been completed and there were a large number of submissions on the future of remote gambling and offshore gambling, which is a broader issue than the horse race betting levy, but is none the less important to the levy. We will respond to that consultation, and I am currently in the process of considering the responses.

A range of other interests have been laid out ably and well in this debate. I will not recap them all, partly due to lack of time. I want to ensure that I respond to some of the points that were made, rather than just repeat them. It is absolutely right for the House to urge the Government to come up with concrete proposals before the end of the year, and I am happy to accept that challenge, in line with the mood of the House.

I will have to tread a little carefully because, as I said, we are still considering the details of our proposals. I am happy to give as much detail as I can on the direction of thinking and the principles that underlie what has to be done, but beyond that, I shall rely on a quotation from Alan Greenspan, a former chairman of the Federal Reserve in America, who said in a speech to the Economic Club of New York in 1988, when asked about the future direction of interest rates, on which he was obviously not allowed to opine:

"I guess I should warn you, if I turn out to be particularly clear, you've probably misunderstood what I've said."

I will be a little careful on that basis.

What I can say on the principles underlying this matter is that it is absolutely right, as everybody has agreed, that there is a strong symbiotic relationship between racing and bookmaking, and rightly so. It is clear that each of the two cannot exist without the other. Racing needs the income from bookmaking. Bookmaking is perhaps less dependent on horse racing than 10, 15 or 20 years ago, but it is still a tremendously important part of its income. We must recognise that.

It has also been pretty much universally agreed in today's debate that the current levy system is old fashioned and, if not broken, in the process of breaking. It is a solution that to modern eyes and ears feels corporatist. It feels peculiar to have political intervention, lobbying and decision making on something that feels as though it ought to be a normal commercial relationship. As a number of hon. Members stated, the challenge is not whether we accept that premise—most hon. Members have accepted the basic premise—but in working out what a normal commercial relationship will look like and how we can get from where we are today to that point, and on a sustainable basis.

Philip Davies: Will the Minister give way?

John Penrose: I am afraid that I have to be extremely quick and will not be able to take any more interventions due to the pressure of time, but my hon. Friend's speech was very short so I shall give way to him.

Philip Davies: I am very grateful. May I suggest that that commercial arrangement is simply between bookmakers and racecourses? Often, the problem is that too many people are pitching in, when in fact all the bookmakers want to do is buy a product from the promoter of the racing product, so to speak, which is the racecourses. Surely it should be up to the racecourses to put up prize money levels to attract owners in the first place. The commercial arrangement should be a simple one.

John Penrose: That illustrates one of the difficulties in designing a sustainable system for the future. My hon. Friend is quite right that that is one potential solution, but I think many people would have grave problems with it. I hope that Members will wish me luck in coming up with a solution that pleases everybody, or at least does not displease too many people. Many people in the Horsemen's Group and other parts of racing would be extremely worried by my hon. Friend's suggestion, but I take his perfectly legitimate point.

A flier has been going around from William Hill, and I believe the substance of it also largely appeared in an advertisement in the *Racing Post* last week. It states:

"What is the answer, then? Simple. Replace the levy with a normal commercial negotiation."

Amen to that, and many people would say the same thing. The difficulty is, what exactly does a normal commercial negotiation look like given that at the moment, we do not have a willing buyer and a willing seller? Racing has nothing to sell—it does not have the type of property rights that my hon. Friend the Member for West Suffolk talked about. I am not sure whether William Hill is proposing a property right, but if it is, I suspect that many people in other parts of the bookmaking and gambling industry will be concerned about that. That is another problem that we face. There is no obvious compromise, and if we are to get one, there will have to be a great deal of good will on both sides and a willingness to discuss the matter.

We have already taken our initial steps. We intend to take powers in the Public Bodies Bill to remove the Secretary of State's role in the levy determination process. That is a step in the right direction because it takes politicians and politics out of the individual levy determination, but it does not go nearly far enough towards revising the system fundamentally, and that is the point that we have to get to.

Whatever solution is proposed—as I said, I intend to take up the challenge of bringing solutions forward for discussion during the course of the year—it has to produce a level playing field in a number of ways. First, there has to be a level playing field between betting exchanges and bookies, which are two fundamentally different business models. It is clearly no responsibility of any Government to start dictating which business models they prefer within a particular industry, so we should not play favourites between betting exchanges and traditional bookmakers. However, we should ensure that there is a level playing field in the contribution to racing of those two business models, and then one or the other will presumably win out in due course by the normal rules of free commercial competition.

[John Penrose]

Equally, it is essential that we have a level playing field between British horse racing, other sports and events that are bet on—given the innovation in the industry, it seems that we will be able to put a bet on many more things in future—and foreign racing. It would clearly not be in the interests of British racing if a significant, or even modest, contribution was inherent in the cost of placing a bet, but was not applied to other events on which people could place a bet in a bookmaker's. We have to understand whether we can either whittle that differential down or get as close to a level playing field as we can, so that we do not disadvantage British racing.

As a number of colleagues have said, we must also have a level playing field between people who place bets with domestic bookmakers and betting exchanges and those who do so remotely or overseas through operations based offshore, including through the internet. We are clearly a long way from that at the moment.

As I said earlier, when I consider the responses to the previous Government's consultation, I will bear in mind the broader issue. Important though a level playing field is, there is also the question of consumer protection. At the moment, people who place bets in Britain, with domestically regulated exchanges or bookmakers or through any other type of gambling, are protected by the Gambling Commission. If someone places a bet on equivalent games that are regulated offshore, their protection may be severely lower or in some cases zero. That clearly has implications such as the potential for problem gambling.

I have heard what Members have said and am happy to pick up the challenge. As I said, I hope Members will wish me luck. They will have heard from the debate that the different positions are quite wide apart at the moment, and in some cases deeply entrenched. That is a major problem that we have to solve, and I look forward to bringing forward our proposals as requested in the motion.

3 pm

Matthew Hancock: It has a been a pleasure to hear today's debate and the passionate declaration of support for the racing industry. I declare my support for, and support from, the racing industry. That passion has shown the value of this Backbench Business Committee debate.

What have we learned today? There is a broad consensus on the need to reform the levy and clear support for the need for a fair return. The Minister joined us in recognising the value of a property or racing right in that respect. For him that was one option, but for me it is the preferred option. We also heard of a previous Minister's support for a sports betting right, which is significant. Finally, it was a great pleasure to hear the Minister refer in the terms that he did to the impact of offshore betting on the industry. The symbiotic relationship between betting and racing can be improved by a commercial relationship, but only if that is based on what racing has to sell and its right to sell it.

Lastly, the level of support, the fact that speeches have had to be short, and the number of people who have spoken show how important and urgent the issue of the racing levy is. I am delighted that the Minister accepts the motion and that he is prepared to take up the gauntlet—I will ensure that he does, and that it fits when it is finally put on.

Question put and agreed to.

Resolved,

That this House notes that the horseracing industry supports employment of 100,000 people in Britain and that the racing industry contributes £3.5 billion to the UK economy each year; celebrates the contribution the industry makes to the cultural and sporting landscape of Britain; recognises Newmarket's role as the global headquarters of racing; but further notes that the horseracing betting levy yield has been falling in recent years; further recognises the changing nature of the gambling industry; is concerned that betting operators are increasingly based offshore and so do not fully contribute to the levy; and considers that the Government should bring forward proposals to improve the system of funding for racing and the relationship between racing and bookmakers before the end of 2011.

Disadvantaged Children

3.2 pm

Damian Hinds (East Hampshire) (Con): I beg to move,

That this House has considered the matter of improving life chances for disadvantaged children.

I begin by thanking the Backbench Business Committee for giving parliamentary time to this important subject, and by paying tribute to the right hon. Member for Birkenhead (Mr Field), from whom we look forward to hearing. His work, of course, is the prompt for this debate. He has once again contributed hugely to the wider debate on such matters.

Following briefings with the right hon. Gentleman, which were organised by my hon. Friend the Member for Salisbury (John Glen), he and I jointly applied for this debate. I know my hon. Friend is very disappointed—as I am—that he cannot be here today because of Select Committee work.

The debate is timely given the publication yesterday of the study on early-years intervention by the hon. Member for Nottingham North (Mr Allen). I am reminded with each passing birthday that life begins at 40—although I am increasingly coming to believe that it begins at 50—but, sadly, the prospects of many of our poorest children will be largely settled by the time they have reached the age of six. The hon. Gentleman's thoughtful study and recommendations make another compelling case for much-enhanced early action to ensure that every child can reach its potential. I know that it will have a wide readership on both sides of the House.

We have many opportunities to make party political debating points in the House, and doubtless hon. Members will want to make some today. That is not a bad thing, even if it is avoidable. However, I hope and trust that it will not be the dominant feature of this debate because the issue of disadvantaged children crosses a number of Government Departments. Obviously, it involves the Department for Education and children's services, but it also involves the Department of Health, housing, the Department for Work and Pensions, the Department for Business, Innovation and Skills and other Departments.

Such issues go to the heart of why so many hon. Members on both sides of the Houses were motivated to go into politics in the first place. There is so much more that unites us in our objectives than divides us, but that is not to say that consensus is always possible, or even desirable, because in both political traditions, conventional wisdom and orthodoxy need to be questioned, and there is much to hypothesise, challenge and debate.

The rather depressing facts of the case, working backwards, are that among adults there is a significant wage premium for having grown up in a better-off, better educated family. That is true across much of the developed world, but it is especially true in this country. Some 1 million young adults are not in education, employment or training. The best universities are dominated by those from better-off families. Just 16% of students at Russell group universities are from the lower socio-economic groups, although they make up half of the population. In secondary schools, the odds of getting five or more good GCSEs are four times greater for children with degree-educated parents. Even at the start of primary school, twice as many children are school-ready at the age of three in the top income quintile—the top fifth of earning families—compared to those at the bottom. Those in the bottom fifth are a third more likely than those in top fifth to have conduct problems or be hyperactive.

The differences between children start very early, based on the father's occupation, the mother's education and housing tenure. They accentuate and widen further at every stage between the ages of 3 and 14. However, there are two important riders to that. First, as the hon. Member for Nottingham North points out, what parents do is far more important than who they are. Secondly, it is not actually the income of the parents that drives the income of their children: it is their education that drives the future success of their children, and it just so happens that educational attainment is closely correlated with parental income.

The statistical patterns of yesterday and today can be broken. If we get the early years and education right, anything is possible. In the early years—what the right hon. Member for Birkenhead calls the foundation years—most of the success factors are not rocket science. They include a healthy pregnancy, a strong and early attachment to mum, and spending time with the baby, talking, reading and singing nursery rhymes. Though it may not be rocket science, most new parents—as I know from recent experience myself—discover that they have a lot to learn. The challenge of hard-to-reach families is even bigger—much bigger. In such families, the parents' childhoods may not have been good and they may not be very eager to learn about parenting. Reaching out to those parents is key. There is, alas, no silver bullet, but the challenge is at the very heart of this debate.

We know that quality nurseries and child care are key. Economists have long told us that the marginal £1 million or £1 billion would be far more effectively spent in early-years provision than in tertiary education, but the problem is that that is exactly what we have been doing for the last decade. The extensive analysis carried out by the Centre for Evaluation and Monitoring shows that, even with all the investment in Sure Start children's centres, the key early predictors of later educational success remained basically stable. We need to think afresh about what is done, how it is done and for whom—how best to reach the hardest to reach.

At school, the importance of the ability to read and communicate cannot be stressed enough. Support for the children who struggle, alongside effective diagnosis of special educational needs, has to be given the highest priority in our education system. If a child cannot read, nothing else in school works and children can rapidly become disengaged. Working with parents does not stop at the end of the foundation years. Indeed, quite a lot of evidence suggests that it is not in school that the gap between the rich kids and the poor kids widens—it is what happens outside school, in the evenings, at the weekends and in the holidays, hence the emphasis in the Knowledge is Power Program schools in the United States on a longer school day, holiday programmes and so on.

There is an apparent correlation across countries between total spend on education and higher levels of social mobility. Education spending in this country pretty much doubled in real terms under the previous Government, which of course brought benefits—I do not deny that for a moment—but did not bring the

[Damian Hinds]

corresponding increase in life chances for the most disadvantaged. Clearly, however, it is not just about what we spend, but about what we do. Studies consistently show that the quality of the person teaching is vital, which is true at the nursery stage right through to the secondary stage. We also know that extending participation in education at both ends of the scale—in the early years and post-16—tends to improve mobility as well as average attainments.

What is being done, and what can be done? I acknowledge the good things done by the previous Government as well as the great ambitions of the new coalition. Of course, the previous Government did many things with which I did not agree, but sometimes it is good to dwell on those things with which one does agree. I certainly did not doubt their good intentions in the field of education and improving social mobility. Under the previous Government, schools were made more accountable; academies were born; great strides were made to bring fresh talent into teaching; free nursery care provision was extended; and the process of upping the school leaving age to 18 was put in train.

What of the new Government? Ministers care passionately about all children, but it is when they discuss how to improve the life chances for the most disadvantaged that I see them at their most animated. I applaud the key strands of the new Government's approach. The first includes the extension of free nursery care to disadvantaged two-year-olds; the refocusing of Sure Start; and the Tickell review into the foundation stages and how to narrow the gap between rich and poor. At the other end of the scale, there are the measures to increase the participation age to 18 and enable schools like the KIPP schools in the United States to be formed; the Minister's Green Paper on special educational needs provision; the doubling of Teach First and the focus on the quality of teaching throughout the education White Paper and the Secretary of State's programme; and perhaps most of all the pupil premium. In all the debates about funding, the full enormity of this massive structural change sometimes gets overlooked. Schools will now have an active incentive to seek out the most disadvantaged pupils and find space for them, in the knowledge that they will have the additional resources they need.

One could say that at a time of necessary deep spending cuts there are not many easy areas in which to make those cuts. However, there probably are some. In the field of education, it would have been relatively easy to reverse the recent increase in free nursery care from 12.5 hours to 15 hours, and it would have been relatively easy not to proceed with the increase in participation age from 16 to 18. However, I am delighted that those two things were not reversed, and that an additional £300 million has been found for the additional nursery provision for disadvantaged two-year-olds. That is a measure of the coalition's commitment.

As for further ways forward, we certainly do not start from scratch. There are many great national and local programmes for early years and later on. Home-Start, for example, whose Weywater and Butser branches operate in my constituency, does sterling work. My hon. Friend the Member for Grantham and Stamford (Nick Boles) and I recently visited Parent Gym, which is a fantastic parenting programme getting great results in south London, as is Save the Children's families and schools together programme. There is also much to applaud in the nursery sector, and there are brilliant schools and all kinds of fantastic small, local voluntary sector organisations.

There is no shortage of new ideas out there. We will no doubt hear some from the right hon. Member for Birkenhead. The hon. Member for Nottingham North is considering others, and the Sutton Trust's mobility manifesto goes through rigorous cost-benefit analyses. In my view, looking at that in the round, there will be three key enablers to maximising effectiveness. First, the focal point of public debate should move far more into foundation years, questioning how what happens in those formative stages, both in the home and out of it, impacts on life chances for ever. Secondly, we need a new set of metrics for poverty of opportunity as well as in cash terms—the life-chances indicators that the right hon. Member for Birkenhead enumerates. Thirdly, we need a repository of ideas, information and data—the sort of early-intervention foundation that the hon. Member for Nottingham North writes about—that would evaluate what works best and facilitate the sharing of best practice. Those three things—focus, metrics and the sharing of best practice—need to underpin a new approach to improving the life chances of disadvantaged children. Of course, there are many more facets—which, in the interests of time, I will not touch on—including promoting healthy pregnancies; school admissions policies; improving employability and weaving life skills into the curriculum; the role of mentoring and careers advice; mental health issues; the challenges of disability; and specific issues for children in care and those who are themselves young carers. I look forward to a broad debate.

According to the Sutton Trust, the same gaps in key early-years indicators are emerging among the millennium cohort as in the cohort born in the year I was born. This issue remains one of the key unsolved challenges for our society, and therefore for this House. I know it is one that hon. Members in all parts of the House feel strongly about, and rightly so. We also feel a great sense of urgency, because this generation must be the last to suffer the chasm in life chances that comes with the lottery of birth.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Before we set off, may I remind Members that I hope to keep the opening speeches to 15 minutes?

3.15 pm

Mr Frank Field (Birkenhead) (Lab): I congratulate the hon. Member for East Hampshire (Damian Hinds) and his colleagues on calling this debate. I would also like to remark on the quality of his speech. If my contribution is half as good as his, not only will I be pleased, but the House will be relieved.

Let me begin by reminding the House of the audacious goal that the Labour Government set not only this House, but the nation. They were the first Government to say that, over a 20-year time span, we would abolish child poverty. Whatever one says about the results, they were a Government who tried to will the resources to achieve that objective. In fact, the Government's consultation document puts the money intended to try

to raise the incomes of the poorest families—largely through the tax credits system—at £150 billion. These are huge sums, amounting to £15 billion a year on average, which is the equivalent of 4p on the standard rate of tax. Therefore, the previous Government were immensely serious about trying to achieve that objective.

If we look at the published data, however, we see that the results are modest, if not disappointing. Despite the size of the resources, the number of poor children was reduced, over 10 years, by 600,000. That is of course important for those 600,000 children, but it left 2.8 million still in poverty. In a sense, the figures are the beginnings for our new debate—a debate that we as politicians must now craft, and which the hon. Gentleman opened so well.

That debate is about this question: where do we go from here? Even if we were not beset by the largest structural deficit since the second world war, would we continue with the same strategy as the previous Government?

In particular, the previous Government emphasised the importance of redistributing income. In our debates on the then Child Poverty Bill, I questioned whether it was an adequate strategy by itself. I did so partly because of what I saw in my constituency and what I saw when travelling to other Members' constituencies: those troubling signs, when children whose parents are not working are late for school; and when no one in the household thinks it is important enough to get themselves up, so that they can then get the children up, to get them washed, dressed, fed and off to school on time. Slowly, I began to question whether money by itself, important though it is, was an adequate strategy to deal with child poverty.

Then, the Prime Minister offered me the opportunity to review poverty and life chances—an offer that I willingly accepted. Two pieces of information—two bits of knowledge—that I came across in undertaking that review knocked me sideways, one of which came from one of the more successful Birkenhead junior schools. The school first came to my notice 20 years ago when parents were not being truthful about where they lived because they wanted to get their children into the school. We might all think that it is wrong to lie, but I felt a sneaking admiration for those parents who, knowing the cards that they had been dealt, felt that getting their children into a good school and giving them a good start was the best thing they could do for them. So that school is not in any way a sink school.

I asked the headmaster to list the skills that he and his teaching staff—and the equivalent staff in other schools—thought necessary if children were to be able fly on their first day. Hardened as I am to some aspects of life, I was staggered by the list of qualities that teaching staff would have liked all children to have. I stress "all children", because some already have them. For example, he said that it would be important for children starting school to know their own name; to know the word "stop", because it could be used to avert danger; to be able to take their coat off; to be potty-trained; to be able to hold a crayon; and to be able to sit still. To my mind, this issue clearly went beyond money, no matter how important money is.

The second piece of information was from the national surveys, which are about the only thing from which the hon. Member for East Hampshire did not quote. The work that the university of London has carried out on the cohort studies shows that, perhaps by three years old and certainly by five, life's race is over for most children. Of course we might be able to make some differences later on, but for most children we have not yet discovered how to change their life chances after the age of five. It seemed to me, therefore, that any review of poverty and life chances needed to concentrate on those crucial early or foundation years. We have called them "foundation years" because it seems that all life's opportunities are built on them.

The report has two main recommendations. The first is that the Government should build up a series of life chances indicators, nationally and locally, to run alongside the poverty objectives in the Child Poverty Act 2010. The second is that, once those indicators have been put on to the statute book or equivalent, alongside the financial goals relating to dealing with child poverty, the Government should have a different driver for policy. The previous Government were concerned to prevent the numbers of poor children from increasing, and every year, if possible, to find the money to reduce the numbers. That concern suffocated the rest of the debate. One could have forgiven people for not knowing that there were four definitions of poverty on the statute book. The one goal was to move children's families above 60% of median earnings. I stress that that is important, but I no longer believe that it is necessarily the key criterion with which we should be concerned when considering life chances. We suggested the establishment of the foundation years in order that the Government should have an organisation through which they could drive new policy. That involves the grouping together of all those activities and services that at present go under the title of "early years". Those early years start long before pregnancy; they start in schools.

The last piece of personal information that I want to give to the House is that I recently spoke to a group of 15-year-olds in a school that I shall be proud to chair when it becomes an academy. I asked them what they most wanted from their school contract. Two of the replies staggered me. One asked whether the school would be able to teach them how to make lifelong friendships, and what the necessary skills would be. All of them wanted to know how to be good parents. They did not say "better parents". None of them gave any hint that their parents might even once, let alone regularly, have put their own needs before those of their children. It seems to me that if we are to drive policy differently and liberate those whose life chances are now determined by the age of five, we cannot start early enough. The whole culture of a school and what is taught in it about these skills is clearly part of the answer.

I should like to address to those on the Treasury Bench one challenge for the Government. I am lucky in that none of the Sure Start units in my constituency is being cut, reduced or closed, but that is not likely to be true elsewhere. Although the report, which I was privileged to help compile, says that we should not accept Sure Start as it is and that we should turn it upside down so that it much more closely meets the original objective of helping the most disadvantaged families most, it is inconceivable that we can make a go of the foundation years if Sure Start units all over the place are slaughtered.

[Mr Frank Field]

For reasons that were set out during the election and in the coalition agreement, the Government believe that, wherever possible, power and money should be devolved to local authorities so that they can do as they think best for their area. Local authorities will, of course, be judged by their own local life chances indicators. I hope that the electorate will push for their establishment and measure their local authority's success in widening life chances—in other words, lifting up those who have the least advantage in our communities.

This programme will not work without some more money. I am not talking about the £150 billion given for redistribution through tax credits, but it is naïve to believe that the Government will be able to make a go of establishing life chances or be able to report progress to the electorate by the end of this Parliament unless they find from somewhere moneys to finance the foundation years more fully—other than from the current budgets allocated. I emphasise again that we are not calling for huge sums. I do not think that we know how to spend huge sums in this area, but some commitment is certainly needed. I hope that when the Government complete their review in March, they will confirm not only that they are going to follow this strategy, but that they will accord it a higher priority than other areas and that, if need be, resources will be shifted from those areas to make the foundation years the driving force to change the life chances of our poorest citizens.

Several hon. Members *rose—*

Mr Deputy Speaker: Order. I remind all hon. Members of Mr Speaker's decision to have an eight-minute limit. The full eight minutes need not be taken up, unless there are many interventions. I hope to be able to call every Member who wants to speak. That is important.

3.28 pm

Mrs Helen Grant (Maidstone and The Weald) (Con): One of the greatest attributes of the British people is their belief in fairness. It is that sense of fairness that supports the notion that whatever one's starting point in life's marathon, it does not have to be a personal best for the rest of the race. If people choose to move up the field or even get into the leading pack, they should have the opportunity to do so. To me, that is what social mobility is all about. There are many complicated definitions, but social mobility is fundamentally about an individual's ability to achieve, to progress and to reach their full potential, whoever they are, wherever they are from, if they choose to do so.

Governments around the world see social mobility as an elusive grail. As a result, numerous policies, initiatives, grants and strategies have been aimed at creating ladders of opportunity and life chances for people. For all that, social mobility has stalled badly during the past 30 years. Different reasons have been advanced to explain that, including not having enough good schools in poor areas and the expansion of university education, which helped richer rather than poorer children. For me, one of the main reasons is that insufficient attention has been paid to boosting self-confidence and self-esteem in our children, which are the prerequisites for aspiration, motivation and success. If we are really serious about improving life chances for children, we must develop that.

Schools and teachers have a key role to play, and they were critical to my own journey. My entire childhood could be described as working class. During those years I had first-hand experience of a lack of money and a lack of opportunity, and I also witnessed the terrible waste that can come with aspirational poverty. At school I was not a natural A-streamer in every subject, and I had an extremely difficult time in many ways and for a number of reasons, but I was touched by certain inspirational teachers who believed in me. Via their words and deeds, they not only provided me with a good education, but boosted my self-confidence and self-esteem.

I shall always remember the words of one sports teacher. When she saw how quickly I could run, she said, "Helen, we had better buy a stopwatch and start training you for the Olympics." She did buy the watch, and I believed her. Although, sadly, I did not make the Olympics, her positive remark was enough to get me going. Sporting success boosted my self-confidence and self-esteem, and that spilled over into my academic subjects, allowing me to achieve quite good results in everything.

While I acknowledge the importance of formal academic subjects such as those set out in the new EBacc, the importance of confidence-building subjects such as music, art, drama and sport should not be underestimated. More focus should also be given to skills in schools. Children need to feel good about themselves. Not everyone is academic, and perhaps we need to recognise that our goal should not be sameness. Society needs people of all levels and abilities.

Chris Leslie (Nottingham East) (Lab/Co-op): A high proportion of young boys in my constituency—some 39% or 40%—have special educational needs and therefore rely heavily on teaching assistants in the classroom, but I fear that, owing to the budgetary situation, teaching assistants may fall by the wayside first. Would the hon. Lady like to say a few words of support for those who work in that profession, and for the good work that they do?

Mrs Grant: I could not agree more, in many respects. We must support our teachers. They are key and most of them do a fantastic job, but we need to help, and to watch the position carefully.

Everyone has a different level of skill and society needs people who have a different manner and different skills, so perhaps the true goal should be equality of opportunity. Our state boarding schools are hidden gems in our country's education system. They often head academic league tables, they often outperform the independent sector, and they offer unique life chances to children with potential who may come from difficult backgrounds with limited financial means. At present the Government are rightly keen to extend new boarding accommodation for vulnerable children, and the state boarding school sector supports that move. Vulnerable children can do very well in such an environment, but the transition must take place in the right manner and at the right pace. State boarding schools understand their sector: they know what works and what does not work, and we must listen to them.

I am glad that creating life chances is a priority for the Government. I take considerable heart from initiatives such as the pupil premium, the continuation of Sure Start and the creation of more apprenticeships, because

they offer an alternative to the strictures of academia. Notwithstanding the country's financial difficulties, I hope that those and other measures remain high on the Government's agenda.

3.34 pm

Ann Coffey (Stockport) (Lab): I congratulate the hon. Member for East Hampshire (Damian Hinds) on securing this extremely important and valuable debate. I believe that there is all-party agreement that early intervention in children's lives is crucial to tackling not just the symptoms but the causes of deprivation, in order to prevent disadvantaged children from becoming disadvantaged adults and prevent cycles of deprivation from being repeated.

We all accept that it is essential to make the right interventions. Both my right hon. Friend the Member for Birkenhead (Mr Field) and my hon. Friend the Member for Nottingham North (Mr Allen) have made that point in their excellent reports. However, the key question is: how do we most effectively achieve such intervention and produce good outcomes?

In an earlier debate, I discussed some of the interventions that I believe can make a difference, such as outreach work with families. The pilot scheme in my constituency to provide early-years education to disadvantaged two-year-olds was extremely successful, and we also had a successful pilot scheme for family nurse partnerships. Both share a similar model: contact with parents; building relationships with those parents; giving them information; and getting them to use other support services to improve the quality of their parenting, which is a key factor in delivering better outcomes for children.

I want to focus today on whether the introduction of the new early intervention grant will help us to safeguard such achievements and move us further towards obtaining the outcomes for disadvantaged children that we all want. The main problems with the EIG are that it is not a specific grant—it is not ring-fenced—and that it represents an 11% cut on its predecessor grants. They, themselves, were cut last year, so the real cut is more like 17% in Government funding to Stockport. The new EIG is not confined to early interventions in children's lives; it is for early interventions in a number of areas. The EIG will replace funding to a wide variety of 22 other schemes, including everything from the Youth Taskforce to teenage pregnancy programmes, the youth crime plan and young people's substance misuse services. Those schemes give support to young people in need, but they will now have to compete against each other for resources.

The Government have said that although local authorities will be able to spend money where they want, they will be expected to continue to support Sure Start children's centres and the free early education places for disadvantaged two-year-olds. Ministers have also reiterated that short breaks for disabled children, support for vulnerable young people, mental health work in schools and support for families with multiple problems should also be priorities. However, it is not mandatory that those services are prioritised, and I fear that there will be a lot of casualties in the local financial tussles for funding up and down the country.

As the Minister will be aware, there is much concern in the early-years sector about the removal of ring-fencing, despite ministerial reassurances that the Government expect to see early-years services protected. People know that, ultimately, without a sanction, the councils can choose to ignore the exhortations of Ministers. The Daycare Trust, the national child care charity, says that many local authorities are already considering diverting funding allocated for early-years provision, leading to the possible closure of Sure Start centres.

I do believe that Ministers have genuinely accepted the arguments about early intervention, and I welcome that. Such a view is supported by the fact that the Government set up the report by my right hon. Friend the Member for Birkenhead and this week's report by my hon. Friend the Member for Nottingham North. Both reports call for much more emphasis to be placed on the early years. It would be a shame if, having accepted the principle, Ministers failed to tackle the problem in a way that will make a real difference to the lives of some of the most disadvantaged and deprived families in the country.

As my right hon. Friend said in his recent report on poverty and life chances, which was endorsed by the Prime Minister:

> "Later interventions to help poorly performing children can be effective but, in general, the most effective and cost-effective way to help and support young families is in the earliest years of a child's life."

It is vital that we continue the valuable work with young children that has been done so far, be it through children's centres and early-years education, or through outreach work with hard-to-reach families, and that projects and services around the country are not damaged by the change in the funding process from having individual ring-fenced budgets to having one smaller communal pot of money, which has to be fought over locally.

Mr Graham Stuart (Beverley and Holderness) (Con): The hon. Lady is making a powerful and thoughtful speech. I wonder where she feels savings could be made elsewhere within the educational budget in order to prioritise early-years provision. I hope that Sure Start's increased focus on the most vulnerable children, albeit with a reduced budget overall, can still deliver more of the benefit that we were originally seeking. Perhaps she, like the hon. Member for Huddersfield (Mr Sheerman), would accept larger class sizes as the price for getting more money into early intervention. These are the choices that we need to make. I wonder whether she has any thoughts on that.

Ann Coffey: I thank the hon. Gentleman for that intervention, but the point that I am making is about the difficulty when ring-fencing is removed from grants from central Government to local government. I would be grateful if the Minister could clarify what processes are in place to ensure that we monitor how much money continues to be spent on early-years intervention as the mixed picture of how local councils choose to spend the early intervention grant emerges.

I would also be grateful for clarification about what monitoring procedures will be put in place to evaluate the effectiveness of the money spent in terms of outcomes for disadvantaged children. I can foresee two years from now a parliamentary question asking for information about early-years intervention receiving the reply, "The information is not kept centrally." Without central monitoring, it is difficult for hon. Members to hold the Government to account for their stated policies.

[Ann Coffey]

Targets and some external assessments of local authorities are being abolished, so how will the Government monitor whether their emphasis on the importance of early-years intervention is shared by cash-strapped councils in the face of priorities set by a local electorate that might not be the same as those of the Government? The pressure on local councillors might be to maintain parks and street lighting and to keep roads and pavements in good repair. They have to be responsive to the needs of their electorate and early-years intervention might not be a priority for local people.

The Government have emphasised the importance they give to early years, but the chosen commissioners are councils so how, without statutory guidance and without ring-fencing, will the Government ensure that councils deliver on the coalition's commitment to early interventions in children's lives?

While I have the opportunity, I want to draw attention briefly to another disadvantaged group—children in care homes. They are the children who would have benefited from early intervention in their lives. As the chair of the all-party group on runaway and missing children and adults, I am particularly concerned about the number of children who run away from care homes. I was shocked when I discovered that more than half the children reported missing in Greater Manchester are from children's homes in Stockport. This is concerning, as research shows that children who run away are at serious risk, exposed to violence, criminality, substance abuse, sexual exploitation and trafficking.

Over the years, I have expressed much concern about the need to improve Ofsted's inspection reports so that they reflect the numbers of children who go missing from care homes. We are awaiting the new national minimum standards for children's homes, which I hope will tackle the issue. I am disappointed that the timetable for the publication of the new standards keeps slipping. In a parliamentary written answer in July last year, I was told the revised standards would be ready in November 2010. When they did not appear, I tabled another question and was told they would be ready "early in 2011". I hope that the new standards will be published as soon as possible and will include in the inspections of children's homes consideration of how those homes manage children who go missing to ensure that the highest quality of care and control is provided.

In conclusion, as my hon. Friend the Member for Nottingham North said in his report about the importance of early intervention policies and programmes:

> "The rationale is simple: many of the costly and damaging social problems in society are created because we are not giving children the right type of support in their earliest years, when they should achieve their most rapid development. If we do not provide that help early enough, then it is often too late".

His words must not go unheeded.

3.43 pm

Jessica Lee (Erewash) (Con): I, too, begin my speech by thanking my hon. Friend the Member for East Hampshire (Damian Hinds) for securing the debate. For many of us, a motivation in coming to this place and standing for public service was the wish to discuss such issues as improving the life chances for disadvantaged children. I certainly speak for myself in that regard.

It is perhaps important that I declare an interest. For the last 10 years, I have been working as a family lawyer, specialising in child protection. I want to mention the prospects and difficulties faced by those children, in particular, in my speech. I also want to thank my hon. Friend for his impeccable timing. We have the benefit of the very important contribution made by the right hon. Member for Birkenhead (Mr Field) and the written paper that he has prepared. Just yesterday, we had the report from the hon. Member for Nottingham North (Mr Allen) on early intervention. There is also the background, since the formation of the coalition Government, of the report that Professor Eileen Munro has been asked to prepare on the challenges faced by social workers and those working in child protection at this difficult time.

My work experience leads me to observe that the current evidence and reports into early-years development are the key to improving life chances for disadvantaged children. I shall expand on that by giving some insight into the care proceedings that some children have to go through and the impact of that on the families involved. First, however, I want to mention the work of my hon. Friend the Member for Crewe and Nantwich (Mr Timpson), who has shown leadership and expertise in raising the issue of outcomes for looked-after children. His all-party group on looked-after children and care leavers is now looking into outcomes for looked-after children, particularly the concerns about the disproportionately lower educational and other outcomes for such children. I am confident that the work undertaken in that regard will feature in and add to the broader debate we are having about outcomes for disadvantaged children.

Many hon. Members might be aware that if a child's future and life ever become the subject of a court case, they are likely to have suffered a range of abuses and harms, including physical, sexual and emotional harm and neglect. Sadly, there is often a mixture of all or some of those elements. I have read many statements and reports that will stay with me for many years, such as accounts of children who have been so neglected and so deprived of basic nutrition, food and drink that when they arrive in foster care, they automatically go up to the bathroom to try to get water from the toilet bowl. They might smear faeces due to psychological concerns. I remember a case years ago of a child whose feet had been forced into shoes so small for such a long time that if anyone, including a doctor, tried to relieve the child's pain or go near their feet to treat them, the child would be very distressed and traumatised. Those examples give a tiny insight into the many tragic cases and reports that I have come across over the years.

I should like to highlight the particular challenges faced by social workers, particularly front-line workers. We already have some indications from the Munro review. I shall not dwell on that for long, but I support Professor Munro's preliminary observations. This issue is not about targets or paperwork; we are talking about professionals who are trying their best. They need as much support as possible, and a structure that will enable them to be out helping children and exercising their judgment about those children's future prospects rather than filling in reports and filing paperwork.

Let me deal briefly also with the difficulties that local authorities have in placing children into foster care. The situation around the country is variable but there can be

shortages in foster care placements. That feeds into the concerns raised in the report of the right hon. Member for Birkenhead. The early years are crucial, and disruption and continual placement moves can have a serious impact on children's, particularly young children's, development and ability to form attachments and important relationships with adults.

The court process is bewildering and challenging for anyone, even before one has factored in the addictions that the parents and young people involved might be troubled with. They might have limited cognitive functioning or learning difficulties or they might lack a support network. I remember the case of a young mother who had struggled in a relationship of domestic violence; when she was asked if there was anyone she could stay with or who could help, her answer was simply, "No." I think of many of my friends and family with young children who are not in poverty and have a good support network, but they struggle with young babies, so one can only imagine how difficult it is for young mothers in a very different scenario.

Safeguarding children is ultimately the concern of the courts, and that has to come before anything else, but court proceedings can be lengthy. There are always difficulties in securing court dates, experts, advocates and judges. For a child who goes into foster care at one, proceedings might still be under way when the child approaches their second birthday. Even I can work out that nearly 50% of that young child's life has been spent in a court process. Again, that brings me back to the contribution of the right hon. Member for Birkenhead, and the concerns about the impact of that process on young children.

Drug and alcohol abuse feature more frequently than any of us would wish and there are difficulties with mental health provision. I look forward to a response from the Minister this afternoon as to how we can more clearly join up facilities and support for parents and for the children who need mental health support.

Andrew Percy (Brigg and Goole) (Con): The mental health issue is incredibly important. Does my hon. Friend agree that one problem in the education system at the moment is that many school teachers are not properly trained to recognise mental health problems in pupils? It is often too easy to dismiss such problems as bad or difficult behaviour. We must include such training in the teacher training process.

Jessica Lee: My hon. Friend makes a good point. Again, this is about working across departments and professions. There has already been a good move towards that, but any further support for school teachers and health visitors, working together with social services, will always improve the outcomes for young children.

I welcome the reports on early intervention and the early years, and the progress that has been made as a result of the Munro review, and I urge the Government to consider the national parenting campaign in more detail. I also welcome some of the steps taken by the coalition Government, such as the pupil premium.

My constituency is lucky to have an excellent Home-Start in Ilkeston, and we have great Sure Start centres. They work incredibly hard and I urge local authorities and those in Government, while there is a real momentum, to implement early intervention, and look at how we can all work together in the longer term to improve the outcomes for such disadvantaged children.

3.52 pm

David Simpson (Upper Bann) (DUP): I congratulate the hon. Member for East Hampshire (Damian Hinds) on obtaining this important debate. I speak as someone who grew up with a rural, working-class and relatively average background, and as the father of three children. My parents, like all parents, wanted the best for me, and I want the best for my children. I imagine that all hon. Members, from whatever party, would share that wish for succeeding generations. That is why it is welcome to see that the Government plan to improve the life chances of disadvantaged children at a very early age before they start school. I agree that the nought to five age group, which has been dubbed the foundation years, should be put on an equal footing with primary and secondary schooling

But we have to face up to certain realities. This is not simply about throwing money at a problem. Other crucial issues are involved. Neither can we take the approach that it does not require financial investment by Government. I fear that too often in the past an emphasis has been placed on financial intervention, Government expenditure and statistics on a page. We have created a culture of benefit dependency that has become generational, passed down from parent to child.

Have we really failed when it comes to education? We have emphasised the number of young people who go to university, regardless of the fact that far too many leave with degrees that are utterly useless when it comes to finding a job in the real world. I am reminded of a media studies course once offered at Staffordshire university that included a module on David Beckham. As Members can tell, that would hold little attraction for me, but I am sure that some people might be interested in studying David Beckham's different hair cuts. How does that help young people achieve a better future and better life prospects?

For that reason, I welcome the fact that the Government have acknowledged that the children of adults with few opportunities in the labour market are at risk of growing up with the same disadvantages, perpetuating the poverty cycle for a new generation. I also welcome the fact that the Government have said that they will focus on reducing the factors that lead to

"disadvantaged children... gaining fewer qualifications",

which leads to

"a widening gap in employment outcomes in later life."

However, those must be the right kind of qualifications that actually offer the prospect of employment.

We have had too casual an attitude to the benefits of marriage and family. As a nation, we have almost made it a crusade to tell everyone that just about any kind of family unit is equal to every other. It is rather like a school sports day at which everyone wins and nobody loses. Everyone is told that they have done so well and they all get a prize. That simply does not work, and we should not regard the drift away from the traditional idea of family to be a badge of honour.

It is important that incomes continue to rise, and it is right that prospects increase along with standards of living. In terms of health, life expectancy and social

[David Simpson]

mobility, it is vital that we continue to drive the economy forward and invest in our future, but we must also address the areas that have been neglected or actively under political assault in recent years. We cannot ignore the importance of family. It is more than just a word, a catchphrase or a political gimmick. A child's life prospects are increased in a stable family with two parents who set out clear boundaries for acceptable behaviour and teach them proper social skills and interaction. Some people might point out that many young people are not growing up in such an environment and need to be assisted, and I entirely agree. However, it must also be pointed out that many of those young people will eventually be in relationships and will become parents. Are we simply to repeat the cycle all over again?

It is not simply about finances and budgets, but nor can we ignore the financial issues. I agreed with the Minister of State, Department for Education, the hon. Member for Brent Central (Sarah Teather), who has responsibility for children, when she said on 21 December that

"the fact that 2.8 million children in the UK live in poverty is a scandal."

Who could argue with that? I cannot, however, agree with the comments that followed. She said:

"The best way to eradicate child poverty is to address the causes of poverty, rather than treat only the symptoms."

It should not be a choice between treating the causes or the symptoms. Rather, it should be about doing everything possible to treat both. I note the comments made by the former Children's Commissioner for England, who warned of the dangers of the planned cuts. I also note the concerns raised about pupil premiums, the size of the available budget and the question of new money.

We must get to the core of the matter: social mobility. However, it must be considered not on its own, but alongside family stability, personal discipline, personal responsibility and a set of principles or—dare I say it in this House—a moral compass. That must be an element of any new approach. We hear much about the big society and there is now something of a scramble to claim to be the champions of it. The evidence we have seen with our own eyes day in, day out overwhelmingly tells of the failure of recent years and the breakdown in family and community that follows in its wake. The so-called big society, which all the main parties now seem to want to espouse, can be built on only the smallest building blocks of any society, namely the individual and the family. We must not treat the causes and simply ignore the symptoms, so finances are important, but neither should we try, as others have in the past, to treat the symptoms without finally deciding as a people and as a Parliament to tackle the underlying causes.

4 pm

Fiona Bruce (Congleton) (Con): Hon. Members have highlighted the importance of ensuring that we improve the life chances of children growing up in underprivileged circumstances. This is a timely and important debate, and I am glad to be able to contribute.

I shall highlight two issues. First, we should recognise, encourage and support the good work that already takes place in local communities to help parents nurture and care for their children. Secondly, we should recognise the importance of stable parental relationships in the life of a child.

Whatever people say about our society today, I know from the immense amount of community work in my constituency that there is really good work out there. Home-Start East Cheshire, part of the Home-Start network that has already been mentioned, is one such excellent example. Volunteer youth workers do detached work on the streets and on deprived estates; grandparents care for grandchildren so that parents can hold down one or even two jobs; and women organise mums and tots groups at the local churches to provide mums—and dads—with a morning's precious breather and a chat.

I recognise, however, that the level of volunteering is lower in deprived areas, and we should seek to address that important challenge.

Sarah Newton (Truro and Falmouth) (Con): My hon. Friend makes an excellent point about the importance of voluntary organisations and their work to support disadvantaged families. Does she agree that the Government need to tackle urgently the problems with the Criminal Records Bureau checks that need to be made before people can volunteer? Would it not be a good idea if, for example in my constituency, we had a Cornwall volunteers card, with an annual check? People who volunteer—often for several groups in their community—could have an annual check and be enabled and supported in their volunteering.

Fiona Bruce: I do so agree. In fact, that was the subject of my very first question in the House, some months ago, and I look forward eagerly to hearing the Government's response to the idea of such a scheme being put into action. I thank my hon. Friend for raising it again; that is a timely reminder.

As the mother of two teenage boys with the benefit of a supportive wider family, I want to promote and encourage the role of parents and grandparents in helping children to grow up to be all that they can be. In the report by the right hon. Member for Birkenhead (Mr Field), I welcome his statement:

"We imperil the country's future if we forget that it is the aspirations and actions of parents which are critical to how well their children prosper."

He is absolutely right. Children flourish with support and encouragement from the care giver or care givers with whom they have, ideally, a long-term, stable and loving relationship. So do parents.

If parents never had continuing close care and nurture as they grew up, or the example and experience in their lives of caring parents, how difficult it must be for them to be good parents themselves. We have to address that key issue. How can we break the inter-generational cycle of poverty in families where parents themselves have not had a good parenting model?

Mr Graham Stuart: My hon. Friend talks about absences in young people's lives. I am particularly concerned about young boys, who are often brought up in families with no male role models. They turn up at primary school, where more than eight out of 10 teachers are now women rather than men, and they lack the male role models in life to ensure that, as they grow up, they can learn how to behave as a man, as a father and as a supporter of their own family.

Fiona Bruce: My hon. Friend makes an excellent point that I shall reflect on later when I talk about the importance of strengthening relationships between parents.

Teaching parenting and relationship skills in schools is part of the solution, so that people really understand what it means to enter into a committed relationship. Some of the best support and encouragement for those without such a role model or family support comes from the local community—from people who are known and trusted, who are willing to be a friend to others, and who are willing to give that most precious commodity, time, and to give it continuously over a period.

In his review, the right hon. Member for Birkenhead recommends that local authorities should aim to make children's centres a hub for the local community. In some areas where there are no existing community centres and a low level of community engagement, that is to be commended. However, it is important not to overlook the good work that already goes on in communities where organic hubs exist in churches, schools, community groups, and even homes, often with little or no financial support from the state. Before precious public funds are incurred in setting up new hubs—I know from my experience as a councillor how expensive they are—I suggest that every local authority that has not already done so should undertake a comprehensive audit of what voluntary work, including caring work, is already happening in their area, often at a highly dedicated and professional level in local communities, so that we can build on what already exists.

As a local councillor in my previous constituency, we did just that, and we discovered an enormous amount of voluntary and community work of which the local authority was previously completely unaware. I remember the portfolio holder for community services saying to me, "I had no idea so much community work existed." Having been discovered, these groups were able to receive additional support from the local authority, giving them the potential to flourish to an even greater degree. I think, for example, of the group called Active Hope led by an inspirational young teacher who goes into schools in disadvantaged areas to help to build children's confidence and esteem through outdoor activities. His work was highlighted through just such an audit, and it is now very much in demand across the town.

Parents and their relationships need support. As the independent review produced by the right hon. Member for Birkenhead has shown, the problems of child poverty are not just related to money, although that is, as we have acknowledged, an important factor. Child poverty is about more than money. Without wanting to detract in any way from the valued and courageous work that single parents do to bring up their children—my own brother is one such—I want to stress the importance of supporting parents to build strong relationships between themselves so that they, in turn, can support each other and nurture their children together.

One of the most important determinants of the quality of parenting is the relationship between parents. It is vital to help young people to develop not only parenting skills but relationship skills between themselves. As someone who has run a community law firm for some 20 years, I have seen over that time how relationships between those who have come to us for a divorce have been breaking down at an increasingly early stage. It grieves me to see how often tiny children accompany their parents into our reception. Hon. Members might be saddened to hear that the youngest marriage we were ever asked to act on for a divorce was one in which the couple had had an argument at the wedding reception. It would be helpful for many young people to learn what it means to enter into a committed relationship, particularly when they have not witnessed it in their own family lives.

If we want to increase the life chances of children from disadvantaged backgrounds, we should support and strengthen family relationships, including marriage. A Government report published in May 2010 entitled, "State of the nation report: poverty, worklessness and welfare dependency in the UK" stated:

> "Around 3 million children in the UK have experienced the separation of their parents. This is partly attributable to a rise in cohabitation, given the increased likelihood of break-up for cohabiting couples relative to married couples. Approximately one in three of those parents cohabiting at birth will separate before the child is five years old, compared with 1 in 10 married parents."

It is important to reflect on those statistics, and to support and encourage those, like my brother, who find themselves in the situation of being a single parent. It behoves us all to support them as part of the wider community.

Good parenting can, I believe, be learned; so, I believe, can good relationships. We can break the cycle of deprivation that is caused, in part, by a lack of role models in both areas. Parents are vital to the health and welfare of their children, as are their relationships, and we should support them.

4.11 pm

Kate Green (Stretford and Urmston) (Lab): I join right hon. and hon. Members in congratulating the hon. Member for East Hampshire (Damian Hinds) on securing this important and welcome debate. I also join colleagues in welcoming the reports of my right hon. Friend the Member for Birkenhead (Mr Field) and that of my hon. Friend the Member for Nottingham North (Mr Allen), which was published yesterday. I could not agree more with them, nor with hon. Members' remarks this afternoon, on the crucial importance of the early years. It is good to see this subject receiving so much attention, not only in those reports, but in other reports that have been published in recent weeks. This week, the charity Family Action published "Born Broke", and just before Christmas, we had the important UNICEF report "The children left behind".

I warmly welcome and strongly endorse many of the suggestions in the reports of my right hon. Friend the Member for Birkenhead and my hon. Friend the Member for Nottingham North. It is absolutely right that we need to be proactive in addressing the needs of disadvantaged children, and that we should intervene early. It is absolutely right that what happens in the home affects what happens at school. It is right that we should secure access to quality services and programmes for children and families, and I welcome what my right hon. Friend the Member for Birkenhead has said about the importance of putting children's centres at the heart of the support that we offer disadvantaged children and their families. I welcome the proposal for local child poverty commissions. It is right and sensible that we track a range of outcome indicators so that we can ensure that children improve their life chances across the spectrum of outcomes.

[Kate Green]

The early years are crucial, but investing in them will not be enough on its own. We need to sustain the investment right through the child's life, otherwise the good effects of the additional investment in the early years will fade. I am concerned that we must keep our attention on addressing income poverty and inequality. There is so much evidence that adequate family incomes are crucial to children's outcomes. The UNICEF report that I mentioned highlights that the UK suffers from relatively poor outcomes across a range of indicators compared with other countries. That relates to our position at the lower end of the inequality spectrum. Our children are raised in a much more unequal country than those with more successful child outcomes.

Money is important, as right hon. and hon. Members have said, and it is actually quite easy to understand why—it is about what money can buy. Parents who cannot afford the rent on decent housing will find it difficult to provide a quiet space for children to do homework. It may also mean that they are forced into overcrowded and unsuitable accommodation, where children cannot grow up safe and healthy. The lack of an adequate income to afford a decent diet will harm children's health and well-being and limit their ability to learn. Poorer families lack the means to ensure that their children can participate fully in their schooling and education. They may not be able to participate in extra-curricular activities or secure the equipment, books and computers that would help to improve their learning.

Parents who are forced to take a series of inadequately paid and unstable short-term jobs will find it difficult to secure adequate income from employment. If we are interested in improving children's outcomes, we have to improve family income, too. Money is not separate from what enables children to do well; it is integral to their success. A continuing policy of income redistribution must therefore be at the heart of our strategy for improving children's outcomes.

I wish to say a little about the provision of services for parents and children who face particular disadvantages and have a high level of need. As Family Action has stated in the report to which I referred earlier, the best solution for most children is to keep them with their families and support those families to do their best in bringing up their kids. Poor parenting and poverty are not necessarily linked. In the vast majority of cases, poor parents are as desperate as any others to do the very best for their children and to provide them with a loving family background and a stable home life.

Graham Evans (Weaver Vale) (Con): I wholeheartedly agree with the hon. Lady, and I should like to share an experience with her. When I was about to be a father for the first time, I went to parental classes on childbirth and on how I could help my wife in the first few weeks afterwards, and things that I could do physically to help. Perhaps it was a missed opportunity that there was no explanation for new fathers and mothers of what they could do to bring up their child well and do the most positive things possible for them. The classes were about the health and well-being of the child in the early weeks and months, not about how to be a good parent. Perhaps we should introduce lessons involving such matters for new fathers and mothers.

Kate Green: I am grateful to the hon. Gentleman for that suggestion, which covers a number of important points. The first is the importance of fathers in raising children and improving child outcomes, and of the support that we can give families, whatever their structure, to ensure that both parents remain engaged in their children's lives.

Secondly, the hon. Gentleman hints at the important point that universal provision for all people who become parents—not just the poorest—provides us with a crucial opportunity to improve the way in which they are equipped and given the confidence to raise happy, successful kids. He is right also to say that parenting and the ability to parent well go much further than simply providing materially for children and providing them with good physical health and circumstances. They are also about emotional, educational and social support, all of which should sit within programmes of support for new parents. I very much welcome the hon. Gentleman's comments.

As I said, we should do everything we can to enable parents to bring up their children successfully in the context of family life. It is therefore particularly important that we give extra attention to services such as Family Action's Building Bridges service, which works with parents in the home to enable them to keep their kids with them and ensures that they are properly supported to do what they want to do—raise successful children. I am wary of an over-emphasis on care settings and taking children out of the family home, which we should avoid wherever possible. The worst outcomes are for our looked-after children, and we should do everything we can to minimise the number of children who end up in state care.

Mr Graham Stuart: We all take on board the hon. Lady's comments, given her long record in this area. I am delighted to hear her say that she sees an equal role for fathers and mothers in bringing up children. Does she agree with a presumption of equality of access between fathers and mothers in the event of separation, rather than the current presumption, which too often means fathers dropping out of children's lives altogether?

Kate Green: The presumption at the moment is that the child's best interests must be paramount, which I continue to support. Of course, in the majority of cases, we would want to secure contact with both parents after separation. However, the starting point should not be the interests and wishes of the parent; the best interests of the child must remain paramount. I hope that there will be no deviating from that valuable and valid principle in the Children Act 1989.

Let me conclude by addressing one or two of the suggestions made in the report of my hon. Friend the Member for Nottingham North. I am disappointed that he is not here this afternoon to hear the many compliments that his work certainly deserves. I was pleased that he wrote of the need to intervene early and to sustain that intervention and support. His suggestions for private funding to support our children and the families who raise them are interesting and imaginative, but I hope they will not be used to let the Government off the hook. At this time, when so many of the voluntary agencies that have done so much to support our most vulnerable families are struggling to maintain their

finances and when they are concerned about their financial future—they face uncertainty perhaps as soon as the beginning as the next financial year—it is important that we underwrite with financial support what is needed to raise happy, successful and healthy children. That is the responsibility of all of us: the country, the state and the Government cannot abdicate it.

Jessica Lee: Will the hon. Lady give way?

Kate Green: No—I am just concluding, although I am always willing to hear the interesting and useful suggestions of my co-vice chair of the all-party group on children.

I greatly welcome this debate and the reports that have informed us in recent weeks, and the many interesting, important and imaginative ideas that we have heard. Raising our children cannot and should not be done on the cheap. They are our most important priority. They are our future. Whatever the pressures on the public finances, our children must be the priority. They deserve the best.

4.22 pm

Craig Whittaker (Calder Valley) (Con): I thank my hon. Friend the Member for East Hampshire (Damian Hinds) for securing this debate.

The best way to improve life chances for disadvantaged children is to address the causes of child poverty and disadvantage rather than simply treating the short-term symptoms. It is safe to say that hon. Members on both sides of the House agree with that, and with the goal of ending child poverty by 2020. That must be achieved but, as we all know, huge burdens will continue to be placed on families as the task of eradicating our country's financial crisis continues. That could have a huge effect on increasing child poverty, especially in workless households. We must therefore ensure that getting people into and back into work is at the top of our Government's agenda.

As a constituency MP who knows only too well the devastating effects of unemployment on children, I look forward to the coalition Government's reforms of the benefit system, and in particular to the Work programme proposals. I also look forward to the spring, when the Government will produce their new child poverty strategy. Lord Hill has announced that there will be a range of policies to help to eradicate child poverty.

A range of policies to start the process of attacking child poverty has already been announced. The £2.5 billion pupil premium that will give disadvantaged children the resources they need to succeed in school and beyond has already been mentioned. Investment in early years and safeguarding education will bring long-term benefits not only to the child but to the state in future years. Let us also not forget the 15 hours of free child care per week for all disadvantaged two-year-olds, to name but a few of those initiatives. As we know, the Government also commissioned the two excellent reports from the right hon. Member for Birkenhead (Mr Field) and the hon. Member for Nottingham North (Mr Allen), who both considered early intervention. Both reports highlight the dire need for early intervention through child care and education. There will also be a great role for Sure Start, once it is refocused, to support the most vulnerable families.

Sarah Newton: Bearing in mind the intergenerational—and multi-generational—nature of the poverty described so well in the reports, does my hon. Friend agree that in the Sure Start centres, schools and nursery provision many of the parents struggle with literacy and numeracy and were not parented well themselves, so they might not know how to support their children in those good communication skills that are so vital to their academic achievement post-five?

Craig Whittaker: It has been widely established that the best way to way to treat early causes is before birth, and the Sure Start centres will be a great way to enhance that process in the future.

The third report that I want to highlight today is the one commissioned from Professor Eileen Munro, which is a review of children's social work and front-line child protection practice. As with the other two reports, in her initial report Professor Munro has started to expose the underlying causes of what has gone wrong in child protection. This brings me on to the group of disadvantaged children who are often overlooked and fall beneath the radar—looked-after children. Of this cohort, only 7% go to university. A whopping percentage of those in prison have had some dealings with the care system during their lives. Life chances through employment are also very low in comparison with those for children who are not in care. As we have heard from my hon. Friend the Member for East Hampshire, there is also a premium on wages later in life.

The previous Government moved the figures for university attendance from 1% to 7%—a great achievement but, sadly, not enough. The new Government need to do more to give those children, who have had a diabolical start in life, a better outcome. The status quo is unacceptable. The results from the Munro review will, we hope, start to address some of the underlying causes and early interventions needed. The hon. Member for Upper Bann (David Simpson) is no longer in his place—*[Interruption.]* I am sorry: he is back. That will teach me to keep my head down. So I can inform him that there is a role, as part of the big society, for individual communities, voluntary groups and charities to help to enhance the life chances of all our young people, over and above the roles of local authorities and the Government.

We have heard already from my hon. Friend the Member for Congleton (Fiona Bruce) about the many things that have happened in communities across the country, but I want to tell the House what happens locally in the Calder Valley. We have identified three key areas where, as part of the big society, we can help to enhance the life chances of our looked-after children. When many young children come into care, we find that they have never had the opportunity to learn or develop creative skills. Some of them have never had a chance to draw or even glue things together, as we did with "Blue Peter". Children's reading skills double between the ages of 7 and 8, but many children who come into care have never even read a book. One other area where a difference can be made is by helping children in care and their carers, who often do not have the experience either, in supporting and signposting at the key educational milestones in the children's lives.

The House may recall from my maiden speech—because, after all, it was so memorable—that I pledged to support looked-after children by facilitating the setting up of a

[Craig Whittaker]

local charity in the Calder Valley to enhance the life chances of that group of disadvantaged children. I can happily report to the House that the launch date of our charity is in April, and the trustees have agreed to host and fund those projects, which will help to address those three key areas I have spoken about. That is a tangible way in which communities can help to address some of the root causes that set those children at a disadvantage at the outset of their lives. It is a small start, but hopefully the Field, Allen and Munro reports will act as catalysts so that through the new Government's policies we can start to sort out some of the root causes of child poverty and disadvantage.

4.30 pm

Fiona Mactaggart (Slough) (Lab): When I was first elected to the House and we talked about educational achievement, the conversation was nearly always about A-levels and universities. One of the great things about the Government of whom I was pleased to be member was that we shifted the debate from educational achievement by young adults to one about educational achievement at the beginning of education—children learning to read, for example. What is wonderful about today's debate is the focus on the very beginnings of education and children at the stage when they are learning to talk and listen. These basic skills are the building blocks of our personalities and future abilities to cope with the world.

Mr Frank Field: May I also draw attention to the fact that, not only has there been this wonderful change, but it must be the first Parliament in which more Members want to debate this than the horse racing levy? *[Laughter.]*

Fiona Mactaggart: The laughter following that remark shows that my right hon. Friend is supported in his view. It is a positive shift. My suspicion is that it reflects the greater participation of mothers in politics—but I will not push that point too far! We know that disadvantage starts earlier, well before school, and unfortunately gets worse during formal education. Despite the efforts of the previous Government, which I helped with, the gaps in achievement remain stubbornly wide, although we managed to narrow them in some respects. At five, 35% of children who qualify for free school meals achieve a good level of development, compared with 55% of children who do not qualify. The children on free school meals are more likely to be bullied, twice as likely to be permanently excluded, half as likely to get good GCSEs and, despite progress, less likely to go to university.

We need to make it clear that disadvantage is directly associated with poverty in education. There is a further disadvantage, however, to do with boys. The second lowest achieving group of pupils in schools are white British boys. They are exceeded only by Gypsies and Travellers. People have said that it might be because there are too few male teachers in primary schools. As someone who used to educate primary school teachers, I think it is partly because too few young men are interested in small children, and therefore have the skills and qualities that would make someone like me, interviewing students for teacher education courses, consider them capable of becoming good teachers. Perhaps it tells us something about how we bring up young men that they do not know enough about the lives of children.

Dan Rogerson (North Cornwall) (LD): Does the hon. Lady think that, unfortunately, our society is suspicious of men who are interested in getting involved with and supporting young children? Indeed, some men might feel that they are making themselves vulnerable if they decide to volunteer to work with young people.

Fiona Mactaggart: In my view, the red top newspapers have created that approach much too much. If men had more experience of the lives of children, they would be robust and resilient to those unfounded accusations.

Most speakers in this debate have called for effective early intervention to tackle such inequality. I would strongly urge us to draw on good evidence of what works. For example, in my constituency a family nurse partnership working with teenage mothers has gathered powerful evidence of how it has helped young women not only to bring up their children but to take up education opportunities and build successful and happy lives. We know from research by the HighScope Perry project in America that a structured, play-based early curriculum can make a huge difference to children. I am sad that cuts in child care tax credits will mean that fewer parents will be able to afford access to high-quality provision for their children, despite welcome additional early-years provision for some of the poorest two-year-olds.

Unfortunately, we tend to grab on to things in politics that we think will be popular where there is not necessarily the evidence to sustain them. Our Government were occasionally guilty of that, and the current Government's proposed marriage premium is also an example. It will skew income distribution to those who are more prosperous and from those who are less prosperous. However, one of the things that we need in this debate is really good evidence. The last time we had a Tory-led Government, they stopped the cohort studies, which tracked the progress of children and young people every seven years, and we now have two cohorts missing. I would strongly urge those on the Treasury Bench to do what they can in this era of cuts to ensure that that mistake is not repeated. Unless we have good quality evidence about what works, we will carry on making mistakes.

Kate Green: I am grateful to my hon. Friend for raising the important issue of tracking and research. I, too, would ask those on the Treasury Bench to respond to that point, because it is important that we sustain such tracking. It is not good enough to look too early at how a particular cohort of children is performing. The advantage of cohort studies is that we can track people all through their lives.

Fiona Mactaggart: I thank my hon. Friend for that intervention, although I will not take any more, because they are now beginning to eat into my time. We need good quality evidence. If we do not have it, the odds are that we will make more mistakes. There will be debates in Government about such matters, and although investing in a cohort study is not very sexy, I would strongly urge those Ministers in the Chamber to do what they can to ensure that such evidence is collected.

I want to be brief and talk about the things that need to happen. We know that it is not just teachers who make a difference to children—many Members have spoken about the contribution that parents make—because their peers make a difference too. That is one of the

reasons why poor children in prosperous areas overachieve compared with poor children in poorer areas by a factor of 18%. That is why I have some suspicions about the much-trumpeted pupil premium, which does not take into account the fact that poor children in prosperous areas already do much better than those in poorer areas. I would also strongly echo the support that others have given to parenting education. We introduced quite a lot of parenting education, but, unfortunately, the people in my constituency who got most of it were, to be brutal, those who were in trouble with the law or whose children were in trouble with the law. Those people found parenting education quite transformative, as did the parents whose children went to a Catholic infant school in my constituency that offered it. I strongly believe that parenting education can make a huge difference.

Other Members have referred to the problems of children in care. I cannot compete with Members who talked about the poverty of their childhood—mine was very prosperous—but I remember well how shocked I was at how few things, such as books, CDs and clothes, children in care possessed.

I want to mention one more way in which the Government could make a real difference to disadvantaged children. Most of my educational advantages and most of the things I learned were the result of being able to read. I got into books and I discovered whole new worlds that would otherwise have been completely beyond me. When I went to university to do English, I remember asking one of my fellow students what she had read as a child. I was shocked when she said that she had read *The Beano*, and that was it—yet she had managed to get to university.

Children can transform their lives through books. One of the most depressing pieces of news that I heard recently was the decision to axe the Booktrust. It has a scheme that gives books to babies and gives every mum a book bag. My constituency is full of mothers who do not read English, and for them those books are transformative. They mean that their children can go into school knowing at which end of a book to begin reading. Members of Muslim families might be readers, but their books are often in Arabic, and start at the back. I urge Ministers to do what they can to revive the Booktrust scheme.

4.41 pm

Eric Ollerenshaw (Lancaster and Fleetwood) (Con): I join other hon. Members in congratulating my hon. Friend the Member for East Hampshire (Damian Hinds) on securing this debate, and I hope that they will pay attention to what he says later, because he has more ideas on how to progress this matter, which is key to many of us across the House. I shall try to keep to his principle of seeing this as a cross-party effort. As an ex-teacher, I have learned lessons today from legal experts and about early intervention.

I want to talk about an aspect of disadvantage that has not been mentioned yet. I am glad to see the hon. Member for Hackney North and Stoke Newington (Ms Abbott) in her place, because she has fought for this for a number of years. We talk about poverty, but there is also disadvantage in regard to race and culture. Year in, year out, she has gone on about the underperformance of black boys in particular, but, after all this time, there is still underperformance among children of Pakistani, Bengali and Kurdish origin. I do not know how many reports on that subject have come through the system.

As I said, I am an ex-history teacher, and it might seem that I am giving the House a history lesson, although I hope that things can be learned from history. My speech might bring back reminiscences of an old history teacher. I want to say something about my experience. I do not think there is anyone here who cannot think back to either a teacher or a school that made a difference to them. I support the Secretary of State when he said that

"our schools should be engines of social mobility".

After 27 years in teaching, I passionately believe that to be the case. I went to a grammar school, and before Members raise their eyes to the ceiling, let me assure them that I am not going to give them a lecture about bringing back grammar schools across the country. My constituency does, however, have the advantage of having the very successful Lancaster royal grammar school for boys and Lancaster girls' grammar school, which I shall say more about later.

I have 27 years' experience of teaching in comprehensives, 25 of them in social priority schools. The lessons that I have learned apply to Governments of all persuasions, because they are all tempted to take certain actions. Comprehensives were supposed to be the vehicle for raising social mobility. When I started teaching in them, I was told that they would be the grammar schools for everyone. Then, certain schemes were introduced, including mixed-ability classes and special needs. Then we had special needs teaching in the classroom, and special needs teaching outside it. Then came integrated studies, environmental studies and humanities.

Often, more than 50% of the children whom professionals in those schools were dealing with were entitled to free school meals. Often, for more than 50% of them English was a second language. That is still the case in some of those schools today, although that has not yet been mentioned. Those factors existed alongside all the other problems that hon. Members have pointed out. Every few years, a Government scheme would be introduced in which the teacher was taken out of the classroom and trained to do something new. Any teacher dealing with circumstances of disadvantage will say that the key thing is how much stability, security and aspiration can be given to those children. Why is it that the most way-out education experiments are always done for the lowest achievers and the most disadvantaged?

Andrew Percy: It is precisely this issue of having initiative after initiative after initiative that we must end. One particularly damaging example from recent years, given the important role teachers can play in young people's lives, was hiving off the pastoral role of teachers to other people working in schools. That left teachers simply to deliver the curriculum, never to nurture the children. This provides another example of the constant "initiativitis" from which we must move.

Eric Ollerenshaw: My hon. Friend makes an important point. It is always the schools undergoing initiatives that need the greatest stability. That is why I welcome the Secretary of State's reform of the national curriculum, which will put real history and geography back into it. When those schools attained the achievement and stability

[Eric Ollerenshaw]

they wanted and lifted their pupils A to C grades, they faced another problem. When the students left the school or entered university, the subjects they had studied were not counted as equal to other subjects learned in the more advantaged schools. This happened for the best of intentions, but it amounted to underselling. In my experience, however, with security, good teaching and, particularly, a good head teacher, there is nothing those children cannot achieve. They can match anybody and should be given the right to do so. That means having the right to learn the same subjects that are taught in the best schools. That would provide a level playing field and support could be continued through the system.

I want to give Ministers a case study from Lancaster. In 2003, with the best intentions, the previous Government set up an excellent cluster in Lancashire that linked the primary schools—Bowerham, Dallas Road, Willow Lane, Ridge and Moorside—with the following secondary schools: the Central Lancaster High school, Lancaster Royal Boys' grammar, Lancaster Girls' grammar and nine other schools in Morecambe. Teachers had to apply to participate in the initiative, which was conducted under a programme called "Excellence in Cities", combined with another called the behaviour improvement programme. Civil servants draw up these initiatives, but teachers have to deal with the applications. What this achieved for those schools was, I think, roughly £1 million extra a year, which went to providing learning mentors.

The scheme was abolished in 2008—after just five years. After a few years, the Government no longer even measured the success of the scheme, but it can be measured. Performance at key stage 2 consistently went up year on year above the county average, while exclusions went down far below the county average—and there were some tough primary schools in this cohort. Attendance was also above the county average. Despite the achievements, it was stopped. We were told that the money was being moved to the school development grant. The poor heads were told that they had to reapply to go through the new system, which they did successfully. If we move to the present, we find that the school development grant has been amalgamated into the general schools grant. A successful system, therefore, which stopped being measured—except by the schools—has been moved, moved and moved again by all Governments.

I believe that this case study provides an example of what the pupil premium can achieve. In my view, the schools can get money through the pupil premium, but it is a year away. There are now 12 months in between, during which the whole system might well collapse. There is a gap in the process of one policy following another policy, which has happened before. It provides a warning to the coalition parties. If we want seriously to achieve things, it is not good enough just to agree to great schemes. What is important is what the schemes do on the ground and their impact on the teachers. That brings me back to my point about the teachers who are trying to create stability for what we call the most disadvantaged pupils—the very children who need that stability. I hope that we can continue monitoring these aspects, which will be key to any and every Government.

I acknowledge what the previous Government did with, for instance, academies and Sure Start, but we will have a job to do in tying up the pupil premium and what is left of the education maintenance allowance with the national scholarship for students. We need to tie up that golden thread to maintain support for disadvantaged children in every sector of education, and I hope the Government will pick that up and drive with it.

The lessons that I learn from history are that not only must this issue be dealt with—and it can be dealt with through the provision of good schools and good teachers—but we should pursue it beyond the next month and the next scheme.

4.50 pm

Andrea Leadsom (South Northamptonshire) (Con): Of all the fascinating and important topics that we discuss in the Chamber, none is more important than this, and it is perhaps the topic about which I personally feel most passionate.

You may observe, Mr Deputy Speaker, that I am wearing red. You may also observe that, although we are not allowed props, I am wearing a piece of clothing that I am allowed: a hat, which I wish to take off to the Opposition for having had the compassion to create the Sure Start centres. That is enough theatre; although all Members would agree that there is much to be done to improve Sure Start centres, they represent a huge move in the right direction, and the fact that there is so much consensus across the House on the need to focus on the earliest years is immensely positive.

I want to describe my experiences as chairman for 10 years of a charity called OXPIP—the Oxford Parent Infant Project. It is based in Oxford, and is now co-located with Rose Hill children's centre, an incredibly important centre in one of the most deprived areas in the country which has been operating for a long time. During my 10 years as chairman, OXPIP has focused, throughout Oxfordshire, on delivering psychotherapeutic support for families who are struggling to bond with their newborn babies.

I shall now give a short master class in early infant brain development, which is mentioned in the reports from the right hon. Member for Birkenhead (Mr Field) and the hon. Member for Nottingham North (Mr Allen) on early intervention. This really is the key to mending our society, creating the society for which we all strive, and solving many of the problems that we end up firefighting in politics.

When a baby is born, he has only the "fight or flight" instinct, rather like an animal. He does not possess the social part of the brain, the frontal cortex, which enables us to form relationships, see the world as a good place, and have hope and aspiration. That part of the brain develops later, and the peak period of its development occurs when the baby is between six and 18 months old. It develops as a result of secure attachment to a principal carer, who is normally the mum but could be the dad, the nanny, the granny or even the next-door neighbour. That first important relationship establishes the baby's lifelong mental health opportunities.

If a baby is neglected, abused or unloved during the first 18 months or two years of its life—or, worse still, is treated inconsistently—its neural pathways and brain development will reflect that, not just for the moment but for the rest of its life. Leaving a baby to scream and scream will have two profound impacts on that baby. I am not talking about our desire to leave the baby to cry

for a while because we are sick and tired of marching him up and down; I am talking about leaving him to cry night after night.

First, the baby's level of cortisol—the stress hormone—will be considerably raised. If it remains raised for a long period, it will reach a danger point, and will start to damage the baby's immune system. Secondly, the baby will develop a higher level of tolerance to its own stress hormone. Whereas you or I might be excited by a good hand at cards, a baby with a high tolerance to its own stress level might, in later life, feel the need to beat someone up, spray-paint something, or become involved with drugs in order to get the kick that we might get from a hand of whist. There is a real scientific reaction to constant high levels of stress experienced at a very young age.

If a baby does not experience that secure attachment during the peak period of development of his frontal cortex, his brain development will be damaged over time, and that damage will be permanent. So the baby who is constantly neglected will grow up thinking that neglect is a feature of life and will have a higher likelihood of being depressive, possibly throughout life, of feeling a failure and of being unable to make friends. Likewise, people who are abused and treated inconsistently have a chance of being unable to form decent relationships in later life. All these things are, of course, on a spectrum: some horrifying statistics suggest that 40% of five-year-olds in this country are not securely attached. Of course not all those people will go on to have problems of violence, depression or drug taking, but some of them will. John Lennon said "All you need is love" and that could not be truer, as a growing raft of scientific evidence demonstrates.

A fundamental problem is that if a girl does not form a secure attachment to her mum as a baby, she may lack the physical brain ability to empathise with her own baby when she goes on to have one. So we end up with a cycle of misery that passes down through generations. The ability to feel that the world is a nice place, to get on in life, to form lasting relationships and so on also affects someone's chances of a decent job and, lo and behold, their prospects in the workplace, their prospects for having a long-lasting relationship and so on. So that cycle of misery is a bit chicken and egg: does the poverty come first or does the lack of attachment come first? We are not putting nearly enough focus on the importance of early attachment and on providing that support.

For the past 12 years, OXPIP has been providing psychotherapeutic support for families and their babies who are struggling, and we have had astonishing results: babies have been taken off the child protection list; countless families have said that they had not realised just how they were reliving their own earliest experiences with their own families; and we have managed to break that cycle of deprivation. From a political point of view, prevention is not only so much kinder, but so much cheaper than cure. So I wish to conclude by issuing a call to action. There are things that the Government can do, and I wish to make some very specific recommendations.

First, I agree completely with the hon. Member for Slough (Fiona Mactaggart) on the desperate need for more evidence. OXPIP has been working for 12 years but we have always failed to get any proper quantitative research done because of the ethical problems involved in leaving one group to suffer while interventions are made with another group. We have somehow to get around that and find ways to build up the evidence. I am planning to launch NORPIP—the Northamptonshire parent infant project—this year, with support from the director of children's services, and I hope to use that as a model for how this can be done across the country.

Importantly, the children's centres must be brought to the centre of all policy making. The right hon. Member for Birkenhead made the great suggestion—I am not sure whether it was to me or whether it is in his paper—of making people sign up for child benefit in a children's centre, to ensure that they are not stigmatised in any way. Most importantly, the Government need to re-examine the adoption legislation to ensure that babies can be adopted before the age of two, because any time after that is simply too late. Training for health visitors and midwives in the crucial importance of early attachment, improving nursery protocols to focus on the attachment needs of babies, and parenting training in classes can also all prove so valuable. I wish to finish by saying that cross-party support is key and I am so glad that we are seeing an example of it today.

4.58 pm

Mr Sam Gyimah (East Surrey) (Con): The right hon. Member for Birkenhead (Mr Field) made an observation about the number of Members here to debate this issue compared with the number who debated the horse racing levy. The other observation that I would make is that so many Members of the new intake are here on a Thursday afternoon to debate this subject. That is so especially because most of us will have stated at some point in our political campaigns that making life better for other people was our motivation for getting into politics. We have my hon. Friends the Members for East Hampshire (Damian Hinds) and for Salisbury (John Glen) to thank for getting this debate together. I know that my hon. Friend the Member for East Hampshire has been focused on this subject for a very long time. Before he came to this place he was involved with the Bow Group, where he examined the causes of debt, deprivation and despair. In this House, he has set up the all-party group on credit unions. So helping the disadvantaged is something that he is committed to, and I am glad that he has given us all the opportunity to speak in this debate.

What is interesting about this debate is the amount of consensus—something that we do not often get in the Chamber—as well as the fact that we are not attacking each other's motives. We do not always get that in the Chamber. The consensus is that the early years to which the right hon. Member for Birkenhead referred in his excellent report as the "foundation years" are critical to one's life chances. That is when boundaries are set and when cognitive functions are developed.

We need only consider the difference that the little things, such as reading to a child, can make. If I look back at my own life, it was traumatic in the early years when my parents split up when I was four or five years old. I remember my mother spending a lot of time reading to me in her very strong way. I could not get away from having an hour or two hours of reading with her every evening and, at the time, I hated every moment of it. As my hon. Friend the Member for East Hampshire

[Mr Sam Gyimah]

said, however, if a child cannot read at school, nothing else works. It was important, and I can understand it now. Whenever I complained, she used to throw the scriptures back in my face: train a child in the way they should go and when they grow they will not depart from it. Now, at the age of 34, I can in some way understand what she was trying to achieve.

That is based on my experience and we all have our own individual experiences—some good, some bad, and some to which we are indifferent. The interesting thing about what the right hon. Member for Birkenhead has done is that he has grounded some people's gut feeling in analytical work. I have commented on what he said about the foundation years, but he has also come up with a set of life chances indicators, all of which are important. What excited me most as I read his report was the fact that it changed the terms of the debate—moving from considering static indicators, such as poverty, to considering this as a life chances issue. The hard data and the research that back them up mean that we can now move on and come up with some decent policies. By move on, I mean that we can move away from the predominant approach of the previous Labour Government, which was the redistributive approach of all-round tax credits, to the approach that some of us on the Government Benches might have had, which is that parenting and the family are outside the responsibility of the state. In fact, if someone is responsible, they know what it means to be a parent, so what business does the state have to comment on it?

We all agree that parenting is at the core of this matter. It is the single biggest responsibility that we can take on as human beings but, interestingly enough, it is the one that nobody trains for. We train if we want to play the piano, or to learn how to speak in public. One can train for almost everything except being a parent. When training does exist, the situation has often irrevocably broken down. As the hon. Member for Stretford and Urmston (Kate Green) said, state intervention happens when people have had problems with the law, by which time it is probably too late. I find it interesting that some of the comments that we have come up with suggest having an intervention earlier on in the process, before things go wrong. Why is that important? It is hard to be a parent. The knowledge that most people have comes from grandparents or their own experience, and we only have to look at the popularity of the site Mumsnet to know that it is all about shared knowledge. Those who live in an area where there is a lot of good shared knowledge can learn from it, but if they live in a part of the country without that knowledge, they are left to their own devices. People make mistakes, sometimes with the best of intentions.

Let me turn to the point I want to focus on, as I have to rush through this. Let us not be fatalistic. Some parents will struggle and some parents will do a good job, but peer pressure might mean that their children will go off the rails. Sometimes the school is where things go right or wrong, and sometimes it is the local environment. In focusing on the early years, we should not automatically consign disadvantaged or unconventional families to an at-risk group. Let us not say that people have only one life chance, as so many things happen in the course of someone's life that can make a difference to their life chances. There is overwhelming evidence about the early years that we need to focus on, but let us not ignore the other stages in their life. The hon. Member for Stretford and Urmston said that we should continue to invest throughout someone's life, but that is probably where I slightly disagree with her. It is interesting to move away from seeing this issue as purely one of resources and from thinking that the problem will be addressed by investing more and more. Deep character development, which is how I would sum all this up, does not depend on wealth. One piece of information that I came across in the report of the right hon. Member for Birkenhead is that Chinese families—

Kate Green: Will the hon. Gentleman give way?

Mr Gyimah: I need to race on—I am terribly sorry. In Chinese families there is not the same correlation between poverty and the outcomes we see in other types of family. While we focus on the early years, I would like us to reintroduce the concept of character into public discourse and to discuss how to bring up and raise children to improve their life chances. When I talk about character, I mean self-discipline and a child saying, "I am not going to watch TV now; I need to do my homework." I mean a child showing respect to others and knowing that when they go to school and someone gets on their nerves, they should not just thump that person, but should report them to the teacher. Some academics call these considerations pro-social norms. This is something that happens at home and we should not be afraid to talk about character in our public discourse. Character is a function not of wealth but of values and we should be happy to speak about it.

5.6 pm

Mark Pawsey (Rugby) (Con): I am grateful for the opportunity to speak in this important debate and I acknowledge the efforts of my hon. Friends the Members for Salisbury (John Glen) and for East Hampshire (Damian Hinds) in enabling it to take place. We have heard much about the lifetime consequences of child poverty for individuals on a personal level and that many of the costly and damaging problems our society faces arise as a result of the right support not being given to our children in their early years. I came across many statistics in researching this issue, and my hon. Friend the hon. Member for South Northamptonshire (Andrea Leadsom) has reminded us that a child's development score at as early as 22 months can be an accurate predictor of their educational outcome at 26. We all have an obligation to work to change such indicators.

I want to talk about the importance of the family unit, the vital role of the extended family and the importance of support, with a sense of balance, as well as one or two issues around education. As someone who believes in the importance of a strong family unit, I believe that parents are the key drivers in determining their children's life chances. I am pleased that instead of concentrating on the negative aspects of parenthood, the report of the right hon. Member for Birkenhead (Mr Field) focuses on ideas to enable parents to achieve their aspirations for their children. Evidence shows the benefits of marriage for a child's development and that the children of married parents do better on a number of aspects relating to social and emotional development.

Kate Green: Will the hon. Gentleman give way?

Mark Pawsey: I will continue if I may.

We have heard about the importance of the father's role in minimising the risk of poor outcomes. My hon. Friend the Member for Congleton (Fiona Bruce) reminded us about the absence of a male role model in the lives of many disadvantaged children. I want to offer support for the role of grandparents in the family unit, which often seems to be an all-or-nothing arrangement in that they are either ever-present or completely absent. The break-up of the family unit means that some grandparents no longer have a relationship with their own children and, as a consequence, have no relationship with their grandchildren. When neither the parents nor the grandparents have the time or skill to support the child, there is, of course, a role for the state to step in.

My experience as a father echoes that of other fathers here, which is that absolutely nothing prepares one for the burdens of parenthood and that one has no idea of the implications for one's own life. For young mothers and fathers, who are often ill-prepared for parenthood, Sure Start centres have helped to provide the support they need. Having visited Sure Start in my constituency, I recognise its value and believe those important resources and facilities should be targeted in the areas of greatest need. I fully support the proposals to open Sure Start centres to the market so that private companies may bid to run them.

It is important to mention maternity and paternity provisions, because only this week the Deputy Prime Minister announced proposals to allow couples to share maternity leave. I am pleased that the rules will allow either parent to care for their child, but as a former business owner I must sound a note of caution. It is necessary to highlight the difficulties that exist between reconciling what is good from a child development perspective with the needs of people running small businesses in particular. The director general of the British Chambers of Commerce has asked valid questions about how employers are expected to plan and arrange cover with this increasingly flexible system.

The report by the hon. Member for Nottingham North (Mr Allen) highlights that it is crucial to recognise that the educational cycle begins at birth. A child's development does not start from the day they enter primary school, and we should start counting development from birth. In the education system, children do not reach year 1 until they are five years old, and we have already heard from other hon. Members that five is often too late for children who are risk. I am pleased that the report of the right hon. Member for Birkenhead (Mr Field) also draws attention to this issue.

Only 20% of young people in the poorest households gain five or more A* to C grades at GCSE, compared with 75% of those from the richest families, so the pupil premium is crucial. If we want children from poorer families to get to university, we must ensure that the additional targeted resources will give them a head start. Providing money for each pupil from a deprived background means that head teachers will have more money to spend on those children.

The right hon. Gentleman's report also refers to the importance of good teaching between the ages 14 to 16 in reducing the likelihood of children trying cannabis, playing truant or becoming a frequent smoker or drinker. In this context, I want to mention the benefits of selective education. At one time, that was seen as the best way of providing bright children from less well-off backgrounds with the best opportunities in life. My constituency of Rugby has an excellent system, and as both a product of that system and a parent of children who have gone through that system, I know many people who have benefited immensely from the excellent teaching and extra-curricular activities on offer at such schools.

I am pleased with the measures that the Government have already introduced, such as the refocusing of Sure Start and the pupil premium. I hope that the Government's longer-term strategy to be announced in March will take into account not only the conclusions of the reports of the right hon. and hon. Gentlemen, but the valuable contributions to this debate.

5.12 pm

David Mowat (Warrington South) (Con): I, too, congratulate my hon. Friend the Member for East Hampshire (Damian Hinds) on securing the debate and I applaud Members on both sides of the House for the good temper in which it has been held. I also congratulate my hon. Friend the Member for Rugby (Mark Pawsey) who spoke just before me in a debate on life chances. He and I started 43 years ago in the same class. I sat three behind him, and I am delighted that his life chances have not been overly impacted by that experience.

We are talking today about social mobility, which, to me, is the hallmark of a civilised society. It is a subject that probably 650 Members on both sides of the House would agree really matters. It really matters that we get this right. I want to speak on one aspect of this, and it is about how we measure it and targets. Occasionally targets get a bad press and people say that we should not have so many, but in this area, targets are important. The problem is that we have confused three different things—poverty, inequality and life chances. Those three are quite different. They are heavily correlated, but they are not the same, and the danger is that if we apply a policy to the wrong one, or try to affect another, we will get the wrong outcomes.

My concern is that we have made the measurement of inequality a proxy for success in that area. We have discussed the intention of the last Prime Minister but one to eradicate child poverty by 2020, which is a noble ambition, but the principal definition used for that purpose—median income at 60%—is a measure of inequality, not poverty. The risk is that money is spent sub-optimally and that, even though we make transfer payments of £150 billion over a period, we will still be ranked 21st out of 21 countries in a UNICEF report.

Kate Green: Will the hon. Gentleman give way?

David Mowat: I apologise for being the third Government Member not to give way, but we have been asked to rattle through.

One of the most important aspects of the report produced by the right hon. Member for Birkenhead (Mr Field) is the indices for life chances. Targets matter, and if we could start to measure the correct things, it is possible that we could really start to make a difference in those outcomes.

[David Mowat]

My hon. Friend the Member for East Surrey (Mr Gyimah) gave the example of the Chinese community and the fact that in schools, the poorest Chinese children outperform children from all other parts of society, except the richest Chinese children. That shows that something is happening that is not just about money. I have conceded that everything is correlated, but it is not just about money; it is about attitude. The words in the right hon. Gentleman's report that I found the most useful in that context were those relating to positive parenting. "Positive parenting" is a strong phrase that describes the breeding of self-confidence and aspiration in some communities. I hope that the Government will test those indices and take them up if they find them valuable, because we need a proxy for social mobility that is not the same as some of those embedded in the Child Poverty Act 2010.

I will make a final point on a different subject. We can continue what we are doing on educational attainment, but we must also create jobs and ensure that the people leaving our universities are able to take up the opportunities that will exist in the world over the next few years. That relates increasingly to a knowledge of applied science, engineering and technology. I applaud what the coalition Government are doing on apprenticeships. One of the most significant policy failures of the past 20 years has been that we have succeeded in increasing the number of people who go to university by a factor of five, while at the same time fewer of them are studying applied science and engineering. That is at a time when the world is moving towards more advanced manufacturing and all that goes with it. I will finish by reiterating that social mobility is the hallmark of a civilized society. The coalition Government, who are supportive of that aim, should be ready to be judged by their success on that, or lack thereof, over the next few years. That is important to us all.

5.18 pm

Neil Carmichael (Stroud) (Con): It is a great honour to follow my hon. Friend the Member for Warrington South (David Mowat). He has given the coalition Government a proper test, and rightly so, because it is important that they should have such a test. The phrase "disadvantaged children" is not an attractive one, and we should be embarrassed by the fact that we have to talk about it so often in this country. It certainly embarrasses me and often has. The experience of meeting a young person who is unable to communicate properly, or read and so forth, can be heartrending. One has only to think of the waste that we allow to happen, with so many people who could do so much being left behind. We really need to address the whole issue of disadvantaged children.

Social mobility is critical. We want a mobile society, and that mobility depends on everyone being able to move around. They cannot do so because there are too many roadblocks. I shall refer to a few and suggest some ways in which we might deal with them.

First, we have rightly talked about education, but too many children leave the education system without being equipped to communicate properly and without the confidence to get around and about their lives. Therefore, we must ensure that the education system makes sure, at the very least, that all children can read, write and communicate properly. If we do not do so, we will obviously fail them, but we will fail society as well, and, as a member of the Education Committee, one thing that I constantly worry about is how we ensure that our schools system delivers such results.

The pupil premium and so forth are very important, and we must encourage all those who are entitled to collect it to do so. The question of stigma often arises, however, so we need to think about that in terms of the policy. The very fact that we need the pupil premium is a measure of our failure, but we have talked about measures throughout the debate, or at least while I have been present, so let us recognise that we have to deal with a big measure.

Secondly, education is critical, but there are other roadblocks. I am struck by the fact that we do not deal holistically with early years issues. That is why I was so impressed by the work of the right hon. Member for Birkenhead (Mr Field). Alongside all the usual issues, the health of a young person also matters, so we have to ensure that, in the foundation years, as described in the right hon. Gentleman's review, we consider not just education, but health care and other factors. We need an holistic approach at that level.

My third point, which strikes me every time I go abroad, especially when I focus on planning and housing development, as I did before becoming a Member, is the importance of a child's environment. That includes the quality of their homes, the way in which they play and interact with each other, and how families interact with each other. I have been to some fascinating places, in Rotterdam for example, where local communities with really well designed housing developments come together, look after each other, spot problems, allow families to develop and ensure that fewer children are disadvantaged. It is, therefore, important for us to think about the environment. Too much of our housing just does not allow such family life or social development between families, so I want to ram home the point that we have to improve our planning system.

I have talked about education because I am on the Education Committee, but we need to highlight a few more issues that have cropped up during its work. One issue is the number of children who care for somebody else. We cannot expect that to be good for them or for anybody in their near neighbourhood; it is totally wrong. The hon. Member for Wigan (Lisa Nandy), who is also a member of the Committee, rightly rammed home the point that it is unacceptable to ignore that group in the context of school discipline, but it is unacceptable to ignore it in any context. We have to calibrate the problem and ensure that we start to do something about the fact that more than 10% of children scuttle back home after a day at school to look after somebody in their household. We need to address that problem, do we not?

Also on the subject of education, we have to think about the early years and encourage proper care and attention for the child as well as where they come from and the family framework in which they are involved.

That brings me to another example from Europe that we need to consider. On the continent we often see the extended family approach, but we do not see it here. We should be encouraging people to think more in terms of

their whole family and its different generations. That is linked to other points that I made about planning, health care and education.

We have to be far more inclusive and holistic, and much more demanding that our institutions and charities co-operate with each other to share information more effectively and ensure that local government stops being so silo-based.

Andrea Leadsom: I should like to draw my hon. Friend's attention to the charity OXPIP, with which I have been involved for a long time and which works well with the children's centre in Oxford. There is great potential for the voluntary sector to work closely with statutory agencies to deliver exactly the sort of help to which he is referring.

Neil Carmichael: I thank my hon. Friend. That is a very important example of what is necessary, but we need to see it across the piece.

Government can talk about what they want to happen, but ultimately we have to ensure that it does happen. Delivery is crucial, as is measuring, assessing and understanding the problems. If we do not know what is happening after we have said that something should happen, we are failing completely. We must be holistic, check up, and never, ever take our eye off the ball.

5.27 pm

Jeremy Lefroy (Stafford) (Con): In common with all colleagues, I pay tribute to my hon. Friends the Members for East Hampshire (Damian Hinds) and for Salisbury (John Glen) for helping to arrange this debate. I also pay tribute to the right hon. Member for Birkenhead (Mr Field) and the hon. Member for Nottingham North (Mr Allen) for their reports. Before I was elected to this House, the hon. Member for Nottingham North gave an excellent talk in my constituency which opened my eyes to this subject for pretty much the first time. I am grateful that the Government have sought to enlist those Members' expertise.

There is great expertise, too, among Government Front Benchers, to whom I also pay tribute. I remember a visit to my constituency by the Under-Secretary of State for Education, my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton), who travelled an awfully long way to find out about a particular scheme that was going on at Wolgarston high school in Penkridge. He did not have to do it, but he did so because he was interested.

I should like to take up three points from the report by the right hon. Member for Birkenhead. The first is the key fact that we have to get more young men, in particular, into work. That is absolutely essential. The unemployment figures that came out yesterday were disturbing, and the Government must address that. I look forward to the Work programme coming into place, but I urge the Government to ensure that in the months before that happens people do not drop out of the system. I know that things have been done to address that potential problem.

I reiterate what my hon. Friend the Member for Beverley and Holderness (Mr Stuart), the hon. Member for Slough (Fiona Mactaggart) and various other Members said about the importance of having men involved in primary teaching. This week, I was at St Michael's first school in Penkridge in my constituency, where the head made that very point, saying that there were not enough men in primary teaching and she would love to see more come into it. The right hon. Member for Birkenhead makes the same point about children's centres:

"The lack of male staff is an equally pressing issue needing to be addressed."

Sarah Newton: Does my hon. Friend agree that to address that imbalance, we might encourage more men to volunteer? In my town of Falmouth, the Rotary club does excellent work in a local primary school to help with reading, which has really improved reading standards.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I remind Members that they must speak to the Chair and not in the opposite direction.

Jeremy Lefroy: I entirely agree with my hon. Friend. In my constituency, the Rotary club does work on reading in Doxey primary school. I remember how much I enjoyed reading to my children. I am not sure whether the feeling was mutual, although they told me later that it was.

My second point, which was mentioned by the hon. Member for Stretford and Urmston (Kate Green) and many other hon. Members, is the critical role of children's centres. We should ensure that, with the changes, we do not lose what has been achieved. The report by the right hon. Member for Birkenhead states that Sure Start centres

"should maintain some universal services so that Centres are welcoming, inclusive, socially mixed and non-stigmatising, but aim to target services towards those who can benefit from them most."

I urge the Government to take note of that, and I am sure that they will.

My third point regards television and media. I take up a point made by the hon. Member for Upper Bann (David Simpson), who is no longer in his place, about Staffordshire university—*[Interruption.]* I beg his pardon; I missed him. He referred to a particular media studies course at Staffordshire university. I must say that Staffordshire university has a very high reputation in media studies and is one of the major institutions in the country for developing state-of-the-art video games technology, which is a major export industry for this country. I just want to give some balance to the impression that people may have got from his comment, which I am sure was not intended as a generalisation.

The right hon. Member for Birkenhead talks about the role of the BBC. He recommends that it kitemark the children's programmes that are most beneficial to parents in the development of language. I urge the BBC and other broadcasters to pay attention to that.

I grew up in a house without a television, and indeed still live in a house without one. I do not recommend that for everybody, although it has certainly done me, my family and my children no harm. However, I do think that parents should be encouraged to consider their use of television, and whether it is necessary to have one in every room in the house, including the bedrooms. Perhaps television could become a social activity with the whole family watching it together, rather than an individual activity with everybody watching their own programmes.

[Jeremy Lefroy]

I echo the point made by the hon. Member for Slough about reading. Again, that is absolutely essential and something that we must never forget. I underline the point made by my hon. Friend the Member for East Surrey (Mr Gyimah) about character—something that is sometimes forgotten. We have to have qualitative, not just quantitative, measures in approaching this subject.

I and my family spent many years living in Tanzania. A Swahili proverb says, "It takes a whole village to raise a child." Many hon. Members have made that point in various ways. My hon. Friend the Member for Congleton (Fiona Bruce) talked about the importance of community as well as family. My hon. Friend the Member for Stroud (Neil Carmichael) talked about the way in which the built environment can help or hinder the sense of community.

I look forward to several further debates on this matter in this Parliament. It is absolutely essential that we take note of everything that has been said today and return to it time and again to see what progress is being made. We are talking about something that is vital to the future of this country and of our children, and it is essential that we do not just leave it to one debate and one day in a Parliament.

5.34 pm

Toby Perkins (Chesterfield) (Lab): I begin by congratulating all the Members who have contributed to an excellent debate, and the hon. Member for East Hampshire (Damian Hinds) on bringing the debate before us. He started by focusing on the fact that what happens outside school is as important as what goes on inside, if not more so. That was a powerful argument for the value of youth services and is linked to the fact that most of the most deprived children in our country can be pinpointed within certain constituencies. That is not to say that Conservative Members do not have deprived children in their constituencies, which of course they do, but it is important to reflect on the fact that children who are brought up surrounded by deprivation are more likely to learn bad habits and come into contact with people who will lead them in the wrong direction.

Members of all parties have welcomed the work of my right hon. Friend the Member for Birkenhead (Mr Field). His recent report "The Foundation Years" is incredibly valuable, and I add my voice to those that have paid tribute to both him and my hon. Friend the Member for Nottingham North (Mr Allen), who appears to have been talking about early intervention almost since he was a child himself.

My right hon. Friend the Member for Birkenhead explained his experiences at Birkenhead junior school, which reflected some of mine at Spire junior school in Chesterfield, in my constituency, which has more than 70% of its pupils on free school meals but is rated as "outstanding" by Ofsted and was the venue for the Deputy Prime Minister launching the pupil premium.

In considering deprived communities, I should like to focus on the importance of people throughout the education sector supporting children throughout the educational and demographic range. The hon. Member for Maidstone and The Weald (Mrs Grant), who is no longer in her place, made an important contribution about the need to build confidence and self-esteem in children. That is a responsibility not just of parents but all of us who have the best interests of children and youths at heart. She also made an important plea for art, drama and sport not to be overlooked, and I hope that the Secretary of State will take that point seriously in talking about the new direction of the curriculum.

The hon. Member for Upper Bann (David Simpson)—I see that he is definitely still in his place—focused on the fact that the changes we need to see, to which all Members seem to be committed, will not happen without investment. The sentiment that it is not all about money is absolutely right, of course, but it is partly about money and we need to ensure that the right contributions are made.

My hon. Friend the Member for Stretford and Urmston (Kate Green) joined the hon. Members for South Northamptonshire (Andrea Leadsom) and for Rugby (Mark Pawsey) and my right hon. Friend the Member for Birkenhead in focusing on the importance of Sure Start children's centres in delivering services. At a time when some Sure Start centres are under threat—I was told recently of the potential closure of six in Derby—that provided all of us with a timely reminder that the local authority cuts will put tremendous pressure on councils. We all need to fight for the facilities in our communities.

The hon. Member for Calder Valley (Craig Whittaker) said that eradicating child poverty was a key objective of both parties. In fact, "child poverty" is something of a misnomer, because what we really mean is that we want to eradicate poverty. Children are generally poor because their parents are poor, so when we talk about benefit policy and creating jobs, we must remember that children's poverty does not happen in isolation from the circumstances of their parents.

My hon. Friend the Member for Slough (Fiona Mactaggart) was one of the few to reflect on the fact that the debate was not just about the early years. They are vital, but continuing to support children throughout their education, whatever direction that might take, is key. The change to education maintenance allowance is an important factor to consider in respect of disadvantaged children and young people. She also focused on the importance of evidence and research-based policy, as opposed to policy based on ideology or policy that is not properly researched.

The hon. Members for Lancaster and Fleetwood (Eric Ollerenshaw) and for Brigg and Goole (Andrew Percy) spoke of policy experimentation within the education sector. In the light of that, it was interesting that they made positive comments on the raft of changes we have seen in education in just a few short months, including the introduction of free schools, and academies being given extra money if they are outstanding, unlike under the previous policy whereby money was given to the more deprived schools. There has also been a dramatic change of direction in that more schools are now judged against the English baccalaureate—many will now be viewed as failing, even though they were unaware that those were the rules by which they were playing.

The hon. Member for South Northamptonshire informed us of some of the science behind perpetuating disadvantage, which was a valuable and useful contribution to the debate.

In pursuing the arguments made by right hon. and hon. Members, I should like to reflect briefly on some of the steps taken by the previous Government to make

the life chances of our most disadvantaged children better. They included free nursery places and Sure Start, which was a visionary decision that has made a big difference. Sure Start has a lot more potential to make an even greater difference to disadvantaged children. Increased out-of-school provision and increased investment in youth services have made a key difference in more deprived communities, as have the improvement in GCSE outcomes and literacy and numeracy, and the measures taken to eradicate poverty. They are all significant strides in the right direction, as is evidenced by the increase in the number of children on free school meals who go to university.

However, as hon. Members on both sides of the House reflected, and given the Government's decision to pursue the issue, there is still much to do. The Opposition agree with the sentiments articulated by the Government on the need to focus on early years, outreach work and health visitors. The decision to invite my right hon. Friend the Member for Birkenhead and my hon. Friend the Member for Nottingham North to provide reports was welcome. We hope that they will be given resources and the means to deliver their ends.

The extra money for pet projects and the cuts to EMA, Sure Start and local authority funding must be seen in the context of what the Government are trying to achieve. The commitment of the House to reducing inequalities in educational attainment has been heard loud and clear on both sides of the Chamber. A consensus seems to have formed around the importance of early intervention and eradicating child poverty, and we will be watching to see whether this Government's policy helps to reduce that gap or whether it moves more people into poverty. Our children deserve the best. The Government, my right hon. Friend the Member for Birkenhead and my hon. Friend the Member for Nottingham North can be assured that the party that has always done more than any other to improve social mobility, with fairness at its core, will listen, learn and keep fighting for the best outcome for our children.

5.43 pm

The Minister of State, Department for Education (Sarah Teather): I congratulate the hon. Members for East Hampshire (Damian Hinds) and for Salisbury (John Glen) on securing this debate. I offer the House a heartfelt apology for arriving a few minutes late and missing the beginning of the former's speech. I am always very particular about being on time, and I am extremely embarrassed that I missed that.

This has been a fantastic debate—really, really interesting. The tone has been very good. Listening to enormous expertise, often from new Members, gives me great hope that the issue of disadvantaged children will continue to be championed by all parties. It is clear that we want a sustainable solution to this problem. The fact that there is so much interest, especially among new Members on both sides of the House, gives me great hope that we shall achieve that.

My hon. Friend the Member for East Hampshire closed his speech with the key points on which we need to focus—life chances, the quality of the home environment and better evidence. His remarks set the scene and his themes were picked up by hon. Members on both sides of the House. The right hon. Member for Birkenhead (Mr Field) rightly stressed that the issue has preoccupied Governments for a long time. It is a difficult problem to tackle and it requires complex solutions. The Government are extremely grateful for his report, as we are for the interim report by the hon. Member for Nottingham North (Mr Allen), which was published yesterday. The right hon. Gentleman made the point that, too often, the life race is over by five. Early years are life-changing, sometimes positively and sometimes negatively, and we need a holistic approach to tackling the issues that arise from that.

My hon. Friends the Members for Maidstone and The Weald (Mrs Grant) and for Lancaster and Fleetwood (Eric Ollerenshaw) spoke about the importance of quality teaching and its role in improving self-esteem. The hon. Member for Stockport (Ann Coffey) made several interesting and important points, including the need for us to focus on runaway children. The Government take that issue seriously, and I hope to assure her that the Department for Education is already working on the report that was recently produced by Barnardo's. She also raised some important points about the performance framework. The Government want to move more to an outcomes focus rather than an inputs focus, and we are working with the sector and local authorities to try to define that performance framework. We want to pilot payment by results to try to incentivise the use of evidence-based programmes—the kind of evidence-based programmes that were illustrated in the report from the hon. Member for Nottingham North.

My hon. Friend the Member for Erewash (Jessica Lee) spoke with great expertise from her perspective as a family lawyer. She made one point that caught my attention about the need, when working with someone with a drug or alcohol problem, to look holistically at the family and not deal only with the person presenting a problem. That was picked up in the Government's drug strategy.

My hon. Friends the Members for Congleton (Fiona Bruce) and for Rugby (Mark Pawsey) raised the issue of parents and relationships. What we know from the evidence is that there are several pinch points of enormous stress in relationships, especially when young—or older—couples have their first child. Without wanting to preach about how families organise themselves, the Government will make that the focus of their relationship support. It is a tragedy when a relationship breaks down because the support is not available to allow people to get over difficulties, or they are not equipped to do so. The Government have invested £7.5 million a year across this comprehensive spending review period and, in addition, have given £500,000 to the voluntary sector to train Sure Start children's centres practitioners to help to identify these issues.

The hon. Member for Stretford and Urmston (Kate Green)—I always enjoy listening to her, even if I do not always agree with her—made several important points about parenting skills, an issue that was also picked up by the hon. Member for Slough (Fiona Mactaggart) and my hon. Friend the Member for East Surrey (Mr Gyimah). The hon. Member for Stretford and Urmston will be well aware—she has raised the issue with me before in Education questions—that parenting programmes are an important part of Sure Start children's centres, and some of the evidence-based programmes that the hon. Member for Nottingham North was picking up yesterday highlight that issue in particular. However, the solutions do not always have to be formal. Several

[Sarah Teather]

hon. Members spoke about the role of parent-toddler groups, and such peer support can be important for parents who can pick up skills and techniques for dealing with issues as they arise.

The hon. Member for Slough made several interesting points, but a debate began in her speech about the importance of male role models—something that the Government take seriously. Indeed, the coalition document states that we want to increase the number of men in early education. It is a very complicated problem to solve. It is as much about the esteem of early-years practitioners as any of the other reasons picked up by hon. Members during the debate. The Government have started a new programme based on Teach First called New Leaders in Early Years, which is intended to pick up graduates. We hope that it will entice young men to enter the early-years profession for different reasons and target some more academic approaches, which would kill two birds with one stone in terms of what we are trying to do on quality in early years.

The hon. Member for Calder Valley (Craig Whittaker) spoke about the role of the big society, and may I congratulate him on fulfilling his maiden speech pledge already? It must be a world record.

The quality of the debate has been extremely high. As Members on both sides have said, it is unacceptable that in the 21st century, and in one of the richest countries in the world, the circumstances of a person's birth, rather than their ability, dictate their outcomes in life. We know that unfortunately many poor families struggle with the basics, while the wealthiest, who often live just a few streets away, can get on in life. Some children never achieve their potential because of the barriers that are thrown in their way, while their wealthier neighbours clear hurdles with ease. I see that in my own constituency.

The barriers that children face, often very early in life, affect their life chances for ever. Again I see this, I am afraid, in my own constituency. There is the staggering statistic that a child born in Harlesden, in the heart of my constituency, is likely to die, on average, more than 10 years earlier than a child born in Kensington, which is just a few miles away. Many Members commented on the fact that there are complicated relationships between the different elements of disadvantage, and very complicated relationships between that and income. Income is extremely important, but it is not the only problem, and if we are to tackle this in the long term we need to consider the causes and factors other than income.

Dan Rogerson: Hon. Members have drawn to the House's attention particular issues concerning those in the care system and children who are themselves carers. I would like to add a group that has not been mentioned: those in kinship care arrangements with grandparents, parents, siblings or other relatives. We need to do more, and encourage local authorities to do more, to ensure that they are given the support that those who foster, for example, get.

Sarah Teather: I agree with my hon. Friend. Eileen Munro is considering that as part of her review of social care. We need to encourage local authorities to think about all the options for kinship care, including with grandparents, before a child is taken into care.

I said that income is vital, and the fact that the Government recognise that is spelt out in the coalition agreement, which states that we will meet the targets set out in the Child Poverty Act 2010. However, we intend to do it with a slightly different focus from the previous Government. We want to put a lot of effort into trying to tackle the underlying issues affecting a child's life and, in particular, the entrenched disadvantage that gets passed from one generation to another. The interim report from the hon. Member for Nottingham North made clear just how vital intervening early is. For those who have not seen his interim report, let me say that the front cover contains a scan of a child's brain at a very young age, and already we can see how things are hardwired—that was picked up by the hon. Member for South Northamptonshire (Andrea Leadsom). The need to intervene early is precisely why the Government have invested extra money in disadvantaged two-year-olds. We know that quality early education at that stage makes a huge difference.

The hon. Member for Slough picked up on a point about what happens with poorer children when they mix with children from other backgrounds. It demonstrates the reasons I felt strongly that we needed to extend the early-years free entitlement from 12.5 hours to 15 hours and to continue with that despite the difficult circumstances. That universal offer for three and four-year-olds is extremely important. The quality of social mixing makes a big difference to a child's chances. I hope that bringing that down to all disadvantaged two-year-olds will make a significant difference to children's lives. Indeed, we intend to legislate to make that an entitlement in the education Bill that will be published shortly.

Similarly, it is vital that Sure Start is accessible to all, but we need a better focus on disadvantaged families. As I said just a minute ago in response to the hon. Member for Stretford and Urmston, we intend to use payment by results to ensure that we focus on using evidence-based programmes better. That is also why we have invested extra money in health visitors, because outreach is vital, as was pointed out earlier. We need to ensure that we get to those families in difficulty, bringing them into centres so that we can focus the extra help and evidence-based programmes that we are using on them. My colleagues in the Department of Health have also announced extra investment in the family nurse partnership, a fantastic scheme that has had good results and shown promise, particularly in working with young families.

The Government have also asked Dame Clare Tickell to review the early-years foundation stage, to see whether we can simplify some of the burdens, but retain all the quality, because it has done so much to improve outcomes for young people at that age, and also to think about how we can get services to work more closely together. That is already the focus of some of her thinking, as she looks at how we can utilise other health professionals to ensure that we serve the most disadvantaged children best. That focus on narrowing the gap is also why the Government feel so strongly that we need to invest in the pupil premium, and there will be an extra £2.5 billion for schools by the end of the spending review period to ensure that we can focus on the most disadvantaged children.

I am running out of time, and there are many more points that I would like to respond to. I am extremely grateful to hon. Members for their contributions to this

very good debate. I hope that there will be many more opportunities to debate the issue over the course of the Parliament, because the ideas that we have heard, particularly from those with expertise in this area, are helpful to us in formulating policy.

5.57 pm

Damian Hinds: We have had a very good debate this afternoon, which has been a worthy use of Back-Bench time, and I thank the Backbench Business Committee once again for granting it.

The debate was effectively brought to life right at the outset by the right hon. Member for Birkenhead (Mr Field), who reminded us that too many children arrive at school not recognising their own name, or unable to remove their coats or hold a crayon. We have had a wide-ranging debate since then, with many hon. Members drawing on their expertise and experience, from both their personal journeys and their paid and voluntary work. The passion and commitment of the hon. Member for Chesterfield (Toby Perkins) was clear from his response from the Opposition Front Bench. My hon. Friend the Minister's response also made clear how central the new Government's agenda on this issue is to their programme, even in these difficult economic times.

Although this debate will stop here in less than 90 seconds, in a broader sense it will continue. One encouraging thing from this afternoon has been the number of Members here from the new intake. One thing that I hope will come out of that is the formation of an all-party group on social mobility, which I hope will be a vehicle whereby we can contribute to the debate.

I will close by mentioning two stories from this afternoon that really struck me. The first was from my hon. Friend the Member for Maidstone and The Weald (Mrs Grant), who talked about the stopwatch, which hon. Members will remember; the second was from my hon. Friend the Member for South Northamptonshire (Andrea Leadsom), who quoted Lennon and McCartney when she said, "All you need is love". Those two things reminded me strongly of the value of encouragement and the power of individuals to make a difference, and were a timely reminder that every programme or strategy amounts to a series of very human interventions. I remarked at the start of this debate that the issues that we have been talking about today lie at the heart of why so many hon. Members, on both sides of the House, were motivated to come into politics. That has certainly been clear this afternoon.

Question put and agreed to.

Resolved,

That this House has considered the matter of improving life chances for disadvantaged children.

Air Passenger Duty

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Newmark.)*

5.59 pm

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): I am very glad indeed to have the opportunity to raise in the House of Commons the vital issue of the effect of air passenger duty changes on the Caribbean.

I want to begin by outlining what is intrinsically wrong with the changes—namely, the way in which the duty is calculated. No one in the Chamber is against environmental measures designed to bear down on excessive airline travel, and no one wants the British Treasury to lose money, but the way in which the duties have been calculated, and the way in which the zones have been worked out, are indefensible. The zones are calculated on the basis of where a capital city is. For instance, because the capital of the United States is Washington DC, one would pay less duty under this system to fly to Hawaii or Los Angeles than to fly to the Caribbean. How can that be right? How can it be cheaper to fly those vast distances than to fly to the Caribbean? These are issues of fairness, equity and transparency.

The flight tax to the Caribbean increased by 25% on 1 November 2009. In November 2010, the tax on flights from the UK to the Caribbean increased by a further 50% in all classes of travel. At present, passengers travelling to the Caribbean pay £75 per person in economy and £150 per person in all other classes. There is a substantial amount of traffic between Britain and the Caribbean, particularly at holiday times. As a member of the Jamaican diaspora, I sometimes find myself on those planes packed full of people who are happy to go home and see their relatives. Many of them have saved for two years or more for their flights. I put it to the Minister that £75 might not seem much to the Treasury, but when people are paying for a family of four, five or six, it amounts to a lot of money. People have often saved up for their flights for years, and that sum is a big consideration.

I am appealing not only to the Minister's humanitarian instincts, however. I know from talking to Ministers of whatever party that I would do that in vain. I also want to talk about the effects of air passenger duty on British business and on the economies of the Caribbean.

Richard Fuller (Bedford) (Con): The hon. Lady is making some excellent points. Before she moves on to business, I would like to encourage her to talk more about the matter of equity, although she says that she would do so in vain. Many people from my constituency travel to destinations in the Caribbean, and many of them came to this country in the 1950s, '60s or '70s. They have often spent their careers working in the public sector on very low incomes, and many are now pensioners. For them, £75 is a very significant cost. They have siblings, perhaps aunties, and certainly nephews and nieces back on the Caribbean islands—not only Jamaica but many others. Does the hon. Lady agree, notwithstanding the excellent points that she has made about geography and is about to make about business, that there is a strong equity case for the Minister to review the question of air passenger duty?

Ms Abbott: The hon. Gentleman has made his point very well indeed. Many of those people, particularly the older ones, have contributed to this country. Some of the generation who came to this country after the war helped to rebuild its public sector, and they have worked all their lives. As I have said, the sums of money involved might seem relatively minor to a Treasury official, but they represent a huge imposition on those people who love this country and who are almost invariably British citizens but who also have a great love for the country of their birth. One thing that makes this seem all the more unfair to those people is that air passenger duty is not charged on private aircraft. If this were really an environmental measure, one would expect it to be charged on private aircraft. I will come back to that point later.

It is my contention that air passenger duty is having a negative effect on British business. I have evidence that British business travellers are flying to the continent, then flying to the Caribbean from there, because it is cheaper to do so. Business travellers contribute £70 million to the British economy—money that is slowly being lost due to airport passenger duty charges. Aviation taxation is putting the UK at a competitive disadvantage in comparison with our European neighbours. This duty will incentivise the strengthening of alternative hubs to the UK both in and outside Europe. In the end, it could well reduce the number and connection of destinations served by UK airports.

Let me move on to tourism. I have been in the House quite a few years and I have lived to see Caribbean countries urged to restructure their economies and to move away from old-fashioned economies, such as those based on bananas and sugar, into financial services, which ended badly. Then they were encouraged to restructure the economy and diversify into tourism. Thus the Caribbean tourism industry now employs, directly and indirectly, more than 1.9 million people—11% of the region's work force. In important tourist destinations such as Jamaica and Barbados, as much as 25% of the work force are engaged in tourism, while 60% of St Lucia's gross domestic product derives from tourism. For the Barbados hotel industry, a significant number of holidaymakers are British, and there is no question that the tourism industry in the Caribbean has been damaged by the increases in this duty.

Arrivals from the UK to the Caribbean are now in decline, while those from other markets are increasing. The latest figure from the UK Office for National Statistics shows that visits to the Caribbean by UK residents in 2010 were 16% lower than for the same period in 2009. Visits to Barbados for the same period were 22% lower. For a tourist, as opposed to someone with family links to the region, the Florida Keys is now a cheaper destination. In respect of our air passenger duty arrangements, the whole system is wrong and it is having an effect on British citizens who happen to have links with the Caribbean.

Mr Chuka Umunna (Streatham) (Lab): I congratulate my hon. Friend on securing this debate on an incredibly important issue. I represent one of the constituencies with the biggest Caribbean diaspora populations in the country. It covers Brixton, for example, and this is a huge issue in my community. I endorse all my hon. Friend's comments, but would add one more. If this measure were primarily about increasing sustainability and reducing emissions, one would have thought that the proceeds would be used for environmental purposes. My understanding is, however—I am sure the Minister will correct me if I am wrong—that the sums raised from this duty go back into the general pot. Will the Minister also answer a specific point that was put to me? How can it be fair to charge a greater level of tax to fly to Jamaica—there are many Jamaican families in my constituency—than to fly the whole way to Hawaii? I would appreciate an answer on that.

Ms Abbott: I am grateful to my hon. Friend, who makes his point very well. He raised the question of the avowed environmental intent of the duty. I remember that when passenger duties were put forward under a Labour Government, Ministers said that they were there largely in order to help the environment and discourage unnecessary airline travel. This Government have stated that the rises in air passenger duty are partly intended to help achieve environmental goals.

Far be it for me to accuse any Government—whether it be my own or the present Government—of glossing over the reality, but the truth is that if APD were really about achieving environmental goals, it would be calculated differently. For instance, APD is calculated according to only one element of a given flight—the distance travelled, not according to whether the plane is full or half-empty. A whole range of other factors are relevant to environmental impacts, including the type and age of the aircraft, the time it spends in the air and how heavy it is, but the Government choose not to take those factors into account in calculating aviation tax rates.

As I have said, if this is really about the environment, why is no duty charged on private aircraft? The failure to establish a way of calculating the duty that would actually minimise the effect on the environment gives people the impression that, although Ministers may indeed believe in the environmental benefit, it may be no more than a pretext on the part of their officials.

If we want to persuade people to abandon planes for other forms of transport, it is surely logical for APD to bear more heavily on short-haul flights, to which there are genuine alternatives in the form of trains and boats. What, though, is the alternative for the retired nurse living in Hackney who wants to return to Jamaica every couple of years to see her friends and family? There is no such alternative, but we are imposing these big APD rates on her flight, or that of her family.

Having raised the issue under the last Government, I have taken the earliest possible opportunity to raise it again now.

Fiona Mactaggart (Slough) (Lab): I joined my hon. Friend in some of her representations to the last Government. My impression was always that Ministers found the issue too difficult to deal with, and that civil servants thought it a nice tidy way of arranging things to impose air passenger duty in accordance with the locations of the capitals of the countries to which people were travelling. However, would it not be possible to devise an equally simple APD system based on, for example, time zones? Surely a determined Minister who wished the duty to reflect the real distance involved would be able to corner his or her civil servants into achieving such an end.

Ms Abbott: My hon. Friend and I went on a number of delegations to Treasury Ministers, and found them—as Ministers always are—well-meaning, kindly and ostensibly understanding of our case. However, they were simply unable to stand up to their officials. We look to this new Treasury Minister for more stoutness of heart and firmness of purpose.

Mr Umunna: I think it important for us to send the public—our constituents—the message that this is not a party-political issue. I have obtained a very good House of Commons note on the subject, and I know that the hon. Member for Chelsea and Fulham (Greg Hands), who is sitting behind the Minister, made a number of excellent points about it in the debate on the Finance Bill in, I think, 2009.

Ms Abbott: I am grateful to my hon. Friend for making that point. I agree that this is not a party-political issue, but one on which Members on both sides of the House feel strongly. I also agree with my hon. Friend the Member for Slough (Fiona Mactaggart) that Ministers should show some fixity of purpose. The present method of calculation is indefensible in terms of both equity and environmental impact, and it could have a big impact on British business by removing the incentive for business-class travellers to make long-haul flights to the Caribbean from London rather than from the continental hub. It is bad for business, it is bad for the Caribbean's economy—of which tourism is a vital part during an international downturn—and it is bad for British citizens with business interests or family members in the region who simply want to be able to travel at an affordable price.

I have pursued this issue for some time, but I have every hope that a new set of Treasury Ministers will view the arguments afresh, and will undertake to reconsider the way in which air passenger duty is calculated. We appreciate that the Treasury's tax take must remain the same, and, as I said at the outset, we appreciate that there is a genuine environmental case for seeking to lessen air travel over time. However, we consider the present level of air passenger duty to be unfair, indefensible, and a burden on the Caribbean which this Government should seek to lift.

6.14 pm

The Economic Secretary to the Treasury (Justine Greening): I congratulate the hon. Member for Hackney North and Stoke Newington (Ms Abbott) on securing this debate. She eloquently ran through some of her concerns about the way in which air passenger duty is currently structured. She is asking me, as a Minister, to defend the current structure, but it is difficult for me to take responsibility for the structure of APD, given that it was entirely put in place by the previous Government. I took on board the questions put by the hon. Member for Streatham (Mr Umunna) about the fairness of the structure, but he would be better placed asking his party leader and the now shadow Chancellor about the logic that the previous Government used in approaching these issues and how they thought about the issue of fairness with respect to Caribbean countries.

Ms Abbott: I am the last person to defend the previous Government mindlessly. I made it clear from the very beginning of my speech that I made this argument to the outgoing Government and was disappointed by their response. Nobody is asking the Minister to defend the current system, because we know that incoming Ministers have to deal with the hand that they are dealt. What I am asking her to do is to reconsider the current system—that is a different point.

Justine Greening: In that case, I have good news for the hon. Lady. She was doubtless paying close attention to the emergency Budget in June, when we said that we would look at reforming APD. We recognise some of the shortcomings in the existing system's structure, and in the next few minutes, I am going to discuss some of the issues that she has raised.

First, it is important to say that the new coalition Government recognise the importance of the strong ties that exist between the UK and Caribbean countries. As a London Member, a large number of my constituents have strong family ties with the Caribbean and they spend a lot of time saving up to go there, travelling there and spending time there, as well as having relatives come over to see them in this country. So the hon. Lady makes an important point about these links. We must also not forget the Caribbean's relationship within the Commonwealth, which is a further incredibly important link with our country.

When the hon. Lady wrote to me recently to raise her concerns about this issue, she rightly highlighted the context within which the coalition Government are operating. Clearly the fact that we have inherited a record budget deficit has meant that some of the tax rises announced by the previous Government, such as the increase in APD rates that came into effect last November, simply could not be avoided. She referred to the APD bandings, which are the aspect of APD that concerns the Caribbean countries most, and I need not remind her that they were the brainchild of the previous Administration, not this Government.

However, we need to look forward, which is why today's debate is worth while and important. The hon. Lady was right also to point out the role that aviation and business plays. The coalition Government recognise that as we get the economy back on track and as the recovery in the world economy starts to gather pace, aviation can play an important part in delivering future growth for the UK economy. Without continuous improvements in air connectivity, we risk endangering future growth and prosperity in the UK. She talked about the importance, particularly for the Caribbean tourism industry, of the aviation connection with the United Kingdom. I shall discuss that in a little more detail shortly, but she will be aware that I met representatives from the Caribbean countries and the Caribbean Council here in London last year, once we started to ensure that we were talking to all the stakeholders who had an interest in the reform of APD. Of course, they were an important group that I needed to talk to face to face. We had a very helpful meeting and they set out their case effectively to me that afternoon.

The hon. Lady raised some particular concerns today and in the letter that she wrote to me, and I shall do my best to address them. First, she talked about the contrast between the duties paid on flights to the Caribbean and to other destinations, including the United States. It is true that the current four band structure of air passenger duty based on the distances between London and the

[Justine Greening]

capital cities of other destination countries—something that was brought in under the previous Government—has the effect of placing the Caribbean in a higher tax band than the United States. Such issues are common to any banded system. I do not particularly want to defend the existing structure of APD and how the previous Government changed the tax system, but it is difficult to have any banding system that solves all the problems raised. Whichever approach we take—she mentioned time zones—there are trade-offs between equity, simplicity and effectiveness. She is right to point out that the current banding system has some downsides, but it is also fair to be pragmatic about the fact that any banding system will have its downsides.

The second point, which is very fair, concerns APD as structured and the environment. I shall not try to defend the way that APD is structured in that regard, but the new coalition Government have been very clear that we have a strong sense of purpose about the environment. We want to be the greenest Government ever. We know that alongside other major sources of emissions, the aviation sector needs to start to take proper account of its global environmental impact in the future. It is also worth recognising that from 2012 aviation will be part of the EU emissions trading scheme. That is an important step forward in ensuring that the environmental impact of aviation is better taken into account as part of the overall fiscal environment.

The coalition Government's approach to the environment will be guided by the evidence. We do not think that there is anything to be gained by empty rhetoric on the environment, so I am very clear that we need to take a fresh look at how best to deliver our environmental objectives in a way that is fair to passengers—the hon. Lady has talked about her concerns about passengers flying to and from the Caribbean—and to industry, which has perhaps never been more important than it is now. Also, we must not lose sight of the need for the UK to have economic growth while tackling the clear problems with emissions.

Ms Abbott: It is important that we as a country achieve our environmental goals, but our environmental goals should not necessarily conflict with other wider development goals, such as the millennium development goals. As regards the impact of the air passenger duty as constructed on a region that, although it is ostensibly a middle income region, has communities that are among the poorest in the world, I see no reason why environmental goals cannot be co-ordinated with broader development goals.

Justine Greening: In many respects, that is precisely what we are trying to do. We are trying to see where we can strike the balance. That is one reason why, at the emergency Budget, we talked about wanting to reform APD. The hon. Lady is setting out some of the challenges, and finding the right mix in an approach to APD that means that we try to square off some of the difficult issues at the same time will not be easy. Debates such as this, and the time that I am taking to meet the various stakeholders—not just the Caribbean countries and their interests, particularly in tourism, but the aviation industry, airports and business in general—

Richard Fuller: I greatly appreciate my hon. Friend giving way. I have admired the rigour of her analysis as she has gone about her duties as a Minister as well as her powerful advocacy. If I may, I want to encourage her to use the second part of her talents—her advocacy. There is a strong equity case for people in this country to consider carefully the APD ratings for Caribbean islands. A significant number of people who have made their home here like to go home to their place of birth and origin. We all want to see the environmental goals that she has discussed accomplished, but there is a strong and powerful equity case. I ask her, through her rigour, to give due regard to that case as well as to the other competing pressures.

Justine Greening: I am grateful for that intervention. My hon. Friend points out the impact on local communities but, in a friendly way, I would challenge the point about contradictions. In terms of our tourism industry and our need for links with other countries to drive economic growth, this is very healthy. Our relationship with the Caribbean and the role that aviation plays in helping us to maintain that more broadly is particularly important, so we are not necessarily faced with an either/or choice.

One of the most intractable problems we face, which underpins the whole approach in the Treasury, is the unavoidable challenge of tackling the fiscal deficit. We are faced with that while also making sure that the tax measures in place work effectively and do not have the sort of negative impacts that we do not want or need them to have.

Mr Umunna: I should like to follow up the point about equity made by the hon. Member for Bedford (Richard Fuller), which I endorse. The key issue is the banding system, which was, admittedly, introduced by the previous Labour Government—I think one of the Minister's predecessors referred to it as being rather rough and ready—and I would not necessarily endorse the form of APD that they put in place. The Minister says that the coalition Government have undertaken to review the system, but can she tell us when we can expect the results of the review? Obviously, the Budget will be on 23 March. Are the results of the review likely to be announced then or beforehand? That information would be useful to the industry and the many families who want to plan what they will be doing in the next few months.

Justine Greening: First, it would be wrong of me to pre-empt the Budget statement. What I can say—we have already been clear about this—is that any major change to air passenger duty will be subject to consultation. One thing that we have learned from looking at how this tax and others have been changed in the past is that we need a sensible tax-making policy that involves not just the Treasury thinking about the objectives it wants to achieve, but talking with stakeholders. There is a need to issue a consultation document to which people can respond and then draft legislation to make sure that the final legislation can achieve the aims we have agreed on and that have come out of the consultation.

I cannot give the hon. Member for Streatham any timings for all that, but I can tell him that we want to ensure that any reforms we bring forward will work as intended. He quoted a previous Minister saying that the system was rough and ready. We want to avoid making

another change to APD that brings other problems we have not anticipated. Whatever we do in this area, it is impossible to get the perfect system, but we need to understand the pros and cons of any particular approach. We need to understand what the risks are and whether we can mitigate them. He is right to ask about timelines. The fact that we said in the previous Budget that we want to review and reform APD and that we have been working on that and meeting a variety of stakeholders to get their views shows that we want to do this in a thoughtful way rather than just announcing something that would be a surprise to the industry and to people who are trying to plan for their holidays.

Let me finish by saying that I recognise the urgency with which the hon. Member for Hackney North and Stoke Newington wants this area of tax policy to be changed. However, I think we are right to work out cautiously which path we want to go down. That is why we talked about reviewing the existing APD regime in the June Budget. As I have said, in the past few months I have met a variety of stakeholders, particularly from the Caribbean countries and the Caribbean Council in London. Those discussions have been very helpful and I have had a useful and detailed report from the Caribbean countries about their views on how we could reform APD. Obviously, we will look at that carefully. I am determined to make sure that we continue that constructive dialogue and I hope that in doing so we can ensure that wherever we end up with the reform of APD we will have done a better job of making sure that—

6.30 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Friday 21 January 2011

The House met at half-past Nine o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Mr Greg Knight (East Yorkshire) (Con): I beg to move, That the House sit in private.

Question put forthwith (Standing Order No. 163).

The House proceeded to a Division.

Mr Speaker: I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 0, Noes 34.

Division No. 178] [9.34 am

AYES

Tellers for the Ayes:
Mr Peter Bone and
Mr Philip Hollobone

NOES

Beith, rh Sir Alan
Brown, Lyn
Burns, Mr Simon
Djanogly, Mr Jonathan
Duncan, rh Mr Alan
Fabricant, Michael
Fitzpatrick, Jim
Flello, Robert
Gauke, Mr David
Gibb, Mr Nick
Grayling, rh Chris
Griffiths, Andrew
Harrington, Richard
Harris, Rebecca
Heath, Mr David
Hendry, Charles
Hillier, Meg
Hodgson, Mrs Sharon
Hurd, Mr Nick
Javid, Sajid
Jones, Graham
Luff, Peter
Morgan, Nicky
Newton, Sarah
Randall, rh Mr John
Robertson, Hugh
Sanders, Mr Adrian
Shapps, rh Grant
Smith, Miss Chloe
Stephenson, Andrew
Sutcliffe, Mr Gerry
Walley, Joan
Weatherley, Mike
Wright, Jeremy

Tellers for the Noes:
Jacob Rees-Mogg and
Mr David Nuttall

The Speaker declared that the Question was not decided because fewer than 40 Members had participated in the Division (Standing Order No. 41).

Joan Walley (Stoke-on-Trent North) (Lab): On a point of order, Mr Speaker. It relates to Standing Orders Nos. 11, 12, 13 and 14. Standing Order No. 12 states:

"Unless the House otherwise orders, the House shall not sit on any Friday other than those on which private Members' bills have precedence."

Standing Order No. 14, on the arrangement and timing of public and private business, states that

"government business shall have precedence at every sitting"

and paragraph (4) states:

"Private Members' bills shall have precedence over government business on thirteen Fridays in each session".

May I suggest, Mr Speaker, on the evidence of the time-wasting that we have seen not just today but regularly on Fridays, that, given that Members of the House come here to bring forward legislation—such as my Public Bodies (Sustainable Food) Bill, which is not mischievous and has not yet had a Second Reading and is unlikely to have one—it is time that this House, through the proper channels and the Procedure Committee, reconsidered how we deal with private Members' business so that we can make progress and so that those Members of Parliament who are elected to this House have a genuine opportunity to get legislation on to our statute book? That is what the public expect of us.

Mr Speaker: I am grateful to the hon. Lady for her point of order and for advance notice of it. I have considerable sympathy for her and for other Back-Bench Members who have worked hard to bring their Bills to the House for debate. How today's proceedings unfold is a matter for the House and the use of time and procedure is in the hands of individual Members. The Chair of the Procedure Committee is in the House today and he might welcome a memorandum from the hon. Lady setting out her analysis of the problem and the solutions that she proposes. I hope that is helpful both to the hon. Lady and to the rest of the House.

Mr Greg Knight (East Yorkshire) (Con) *rose—*

Mr Speaker: I shall take a very brief point of order from the right hon. Gentleman and we shall then proceed.

Mr Knight: Further to that point of order, Mr Speaker. I rise only to say that your conclusion is correct. I would welcome further discussions with the hon. Member for Stoke-on-Trent North (Joan Walley) and, indeed, we have already spoken in the margins of the Chamber to agree to do just that.

Mr Speaker: I am grateful to the right hon. Gentleman for what he has said.

Estates of Deceased Persons (Forfeiture Rule and Law of Succession) Bill

[Relevant documents: The Sixth Report from the Justice Committee, Session 2009-10, on Draft Civil Law Reform Bill: pre-legislative scrutiny, HC 300, and the Government response to the consultation on the draft Bill.]

Second Reading.

9.52 pm

Mr Greg Knight (East Yorkshire) (Con): I beg to move, That the Bill be now read a Second Time.

It is an unexpected privilege to be here. I have signed the book for the ballot for private Members' Bills every year since 1983, apart from four years when, due to the electorate, I was elsewhere. It therefore came as rather a shock to find that this year my name was in the top 20.

Of course, as the House will know, the ballot is only the start of the process, and today is only a little further down the long road that one has to take to seek to change the law of the land. Indeed, the statistics are not encouraging. I understand that only 10% of private Members' Bills succeed, so a private Member's Bill is a very fragile vessel. As I look around and see my hon. Friend the Member for Bury North (Mr Nuttall) in his place, and as I am aware that my hon. Friend the Member for Christchurch (Mr Chope) is in the building, I even wonder whether the word "fragile" is appropriate. Perhaps "brittle" is a more appropriate word. I hope that when I have explained the purpose of the Bill, they will decide that it is something they can support.

Joan Walley (Stoke-on-Trent North) (Lab): I am most grateful to the right hon. Gentleman for his positive remarks about considering the issue of private Members' Bills. Does he agree that one of the problems of our archaic system and how we deal with private Members' Bills is that a great deal of filibustering goes on in this place, rather than action that makes our Parliament fit for purpose?

Mr Knight: If I may respond to that en passant, as it were, I accept that argument. The Procedure Committee has not yet considered this, but an argument can be made that we could consider bringing in a process whereby when a private Member's Bill has had three hours of debate the question is then put. The Procedure Committee would wish to consider that option, although I would not wish to prejudge how it might decide to form its view on that proposition. That certainly could be done and it would mean that we would have more debates, which, in my view, is a good thing.

The next duty of anyone who comes fairly high in the ballot is to decide on the subject. Hon. Members basically make a choice in one of two areas. Either they choose a subject of great controversy or perhaps startling change and to have their day in the sun on Second Reading, knowing that the Bill will be opposed by the Government and even by the official Opposition and will be talked out, or they look for something less controversial but worthy in the hope that they can get it on to the statute book. I have to be honest and say that my first choice was to introduce a daylight saving Bill, but I was usurped by my hon. Friend the Member for Castle Point (Rebecca Harris), who was higher up the ballot and who, to her great credit, has successfully piloted her Bill to Committee. I wish her well with it. Because of her decision, I decided to look around for another less controversial but worthy proposition, and I decided that I wanted to introduce a Bill that would make our law fairer in some way.

I had cause to look at some of the recent work of the Law Commission and of the Select Committee on Justice—I am delighted to see that the Chairman of that Committee, the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), is in his place—and I observed some of their reflections on the forfeiture rule and the law of succession. I therefore decided on my present Bill. I accept that it is not likely to be the talking point of the week in the village pub, but it deals with three related areas where, in my view, a small change in our law is both warranted and desirable.

I must tell the House that due to the complexities of the subject, this will not be a speech full of soundbites. I shall give some background. The Bill seeks to amend the law of succession in England and Wales where a person disclaims—that is, rejects—an inheritance or is disqualified from receiving an inheritance by reason of the forfeiture rule. What is the forfeiture rule? It has long been a doctrine of the common law of this country and I think it is a good doctrine to which no reasonable person could take exception. It states that if a man or woman is criminally responsible for the death of another, neither he or she nor his or her elected representatives can be entitled to reap any financial benefit from that act. As Lord Justice Salmon said in the case of Gray v. Barr, which was reported in 1971, 2 All England Reports at page 974:

"it would in general, shock the public conscience if a man could use the courts to enforce a money claim either under a contract or a will by reason of his having committed such act"—

that is, the act of murder.

Experience has shown that there are some cases—they might be few, but they are hard cases—where the public conscience would not want the full forfeiture provisions to apply, such as those involving mercy killings, the survivor of a suicide pact initiated by the non-surviving party and perhaps a battered wife driven almost beyond the borderline of sanity by the cruelty of a violent spouse. In such cases, the criminal courts will normally have been merciful and might have not even awarded any custodial sentence in the criminal proceedings. It was to deal with these situations and cases like them that the Forfeiture Act 1982 was passed. That Act provides for discretion to be applied by the courts in cases of manslaughter—I emphasise the word manslaughter, because there is no discretion in cases of murder. In cases of manslaughter where mitigating circumstances exist, the courts can allow the forfeiture rule to be relaxed, where appropriate.

The current rule is defined in section 1 of the 1982 Act as meaning the rule of public policy, which in certain circumstances precludes a person who has unlawfully killed another or unlawfully aided, abetted, counselled or procured the death of that other from acquiring a benefit in consequence of the killing.

My Bill gives effect, with some modifications, to the recommendations set out in the Law Commission's 2005 report, "The Forfeiture Rule and the Law of Succession". The subject of forfeiture and succession was referred to the Law Commission following the very unsatisfactory case Re DWS (deceased) 2001. Briefly, the facts of that case were that a person, whom I will call P, killed both his parents, neither of whom left a

will. The court had to decide who was entitled to inherit P's father's estate under the intestacy rules, which are specified in sections 46 and 47 of the Administration of Estates Act 1925. P was not allowed to inherit because of the forfeiture rule, which I have just outlined. However, P's child, the grandchild of P's victims, could not inherit in place of P, because under the intestacy rules P was still alive and therefore P's child could not take an interest in the estate. In that particular case, the victim's estate therefore passed to a sister, which was unsatisfactory because by the time the court reached its conclusion the sister herself had passed away.

The Law Commission considered that the outcome of that case was unfair, and I agree. Equally unfairly, however, a situation might arise in which a killer forfeited an inheritance under a will. I do not believe that allowing a killer's children to inherit from the victim in those narrow circumstances would encourage anyone who would not otherwise do so to commit a murder or attempted murder. The alternative is to stay with our present law and disinherit innocent children, which is most unfair. In any event, the law offers protection to prevent a killer from benefiting from a forfeited inheritance that passes to a minor, because the court has power on application to appoint two trustees or more where a minority interest arises on intestacy. It also has the power to pass over any person with a prior interest in a grant of letters of administration and appoint someone else to run the estate.

Similar problems can also occur where a person disclaims an inheritance under a will or on intestacy. For example, where in an intestacy—to the non-lawyers among us, that means where there is no will to say what should happen to the estate—the person who disclaims is the only child of the deceased, the inheritance will bypass the child's descendants, because grandchildren can only inherit from their grandparent if their parent dies before the grandparent, in which case the inheritance passes instead to the deceased's other, but more distant, blood relatives.

Let me give the House an example of how that might arise. Let us say that A, the deceased, dies and leaves a fortune, money which he lawfully made from his ownership of a nightclub and casino. He does not leave a will, but dies leaving a son, B, and two grandchildren, C and D. B is a strict follower of Victorian values and is a devout Baptist Christian, unlike his father. His views are similar to those of the Southern Baptist Theological Seminary in the USA, which holds the views that God's way is that we should earn what we get and that gambling is a sin. Because of those beliefs, B decides that he cannot in all conscience accept the legacy, so he disclaims—that is, he gives up his entitlement to money from his father's estate. Under our law, in so doing he would prevent his own children, C and D, from inheriting, which applies even if they were to welcome the inheritance with open arms. Indeed, C and D might have embraced gambling as passionately as their own father had disowned it, but that would make no difference. Under our law, the inheritance would go elsewhere, which is neither right nor fair. That is why I am seeking to make a change with my Bill.

Jacob Rees-Mogg (North East Somerset) (Con): If the strict Baptist did not want the money to go to his children, because he thought that

"the wages of sin is death",

would he be able to take the inheritance and give it away, which would have the same effect as disclaiming, and therefore not lose his right to make that choice?

Mr Knight: B would be able to do that, although our law clearly states that one cannot refuse part of an inheritance—it is all or nothing. Once the decision is made, one cannot change one's mind, unless others have not acted on one's initial decision, in which case one can. The son would be at liberty to accept the inheritance and then give it away—indeed, he could give it to the church of which he was a member.

Stranger things happen where there is a will. If someone decides to give up something that they have been bequeathed in a will, what happens depends on the wording of the will. Such cases would need individual consideration.

Mr Christopher Chope (Christchurch) (Con): I apologise to my right hon. Friend for not being here at the outset of his remarks, but I have indicated to him informally my concern that that particular aspect of his Bill may have the unintended consequence of creating a loophole, whereby people can avoid inheritance tax. In the example that he gave, the money would go directly to the grandchildren as a result of his Bill, which means that by disclaiming, B would be able to pass the money on to the next generation, whereas normally he would be able to do so only by incurring a potential inheritance tax liability, if he did not survive for seven years after so doing.

Mr Knight: Under our existing law, there are various reasons why people may disclaim an inheritance, and reducing one's tax liability is already one of them. For example, someone might decide not to accept an inheritance, where it involved taking on a property that was subject to a long lease that included expensive repair covenants.

Many people in the world, as well as in this country, seek to reduce the amount that they pay in tax. Some seek to do it by concealing their wealth, lying to the authorities and completing inaccurate and misleading tax forms. They are tax evaders—they break the law, and when they are caught, they are properly punished. Others seek to lower their tax liability by making perfectly lawful decisions affecting their own position, which is called tax avoidance rather than tax evasion. There is nothing unlawful about tax avoidance, and I am surprised that my hon. Friend, who is a Conservative Member of Parliament, feels that it is somehow inappropriate.

If a person who is on their deathbed inherits a legacy, and they are worried that by accepting the money, which they will not have time to spend, they will incur a greater inheritance tax bill, I see nothing wrong with such a person disclaiming. If my Bill were law, disclaiming would mean that person's disclaimed money going to their children, which would be all the better. That person would have reduced their tax liability in a perfectly lawful way, and what is wrong with that? I hope that on reflection my hon. Friend will decide that his point, which he might initially have thought was a good one, is not actually a good one.

Mr Chope: My concern in examining legislation in detail is, as my right hon. Friend knows, to make sure that there are no unintended consequences. I am grateful to him for making it clear that this is an intended consequence of his Bill.

Mr Knight: It could be a consequence, but it is not the prime reason behind the Bill.

When the Law Commission looked at the laws of succession, it highlighted the anomalous situation involving the children of a deceased minor. That is also covered by my Bill, which addresses the irregular situation in which the children of a minor who is entitled to inherit an interest in the estate of an intestate person, but who dies unmarried and without entering into a civil partnership before reaching 18, are unable to inherit their parent's interest in that estate for no other reason than that the law says so. I think that is unfair and I will elaborate on this issue later.

First, let me comment on specific clauses in the Bill. Clause 1 would amend part 4 of the Administration of Estates Act 1925, which sets out how a deceased person's estate is to be distributed in the absence of a will or to the extent that a will is not valid. Clause 1(2) would insert proposed new section 46A into the 1925 Act. Subsection (1) of new section 46A specifies that the new section would apply where a person, X, disclaims an inheritance or is disqualified from inheriting because of the forfeiture rule. Subsection (2) of new section 46A provides that for the purpose of deciding who should inherit X's interest in the deceased's estate in those circumstances, X should be deemed to have

"died immediately before the intestate."

That overcomes the rule in current intestacy law, under section 47(1) of the 1925 Act, that children cannot inherit if their parents are still alive. That Act, which is still on our statute book after all this time, was drafted and introduced by the first Earl of Birkenhead, who I believe is the subject of one of your forthcoming lectures, Mr Speaker, which I hope to attend.

The effect of the reform is that if a person disclaims or is disqualified under the forfeiture rule, the inheritance to which he or she is no longer entitled will go to the next person listed in the order of priority in section 46 of the 1925 Act, even though the person who disclaimed or suffered the forfeiture is still alive. Subsection (3) of new section 46A provides that the new rule would not limit the court's power under section 2 of the Forfeiture Act 1982, under which the court has powers to modify the effect of the forfeiture rule where the offender has not been convicted of murder, for example by allowing the killer to inherit all or part of the estate. The circumstances in which the court would exercise that power would be the examples I gave earlier, in the case, perhaps, of a mercy killing, in which the deceased was the instigator of the act and the loving relative was complying with their wishes. The rule introduced by new section 46A gives way to any order made by the court under section 2 of the Forfeiture Act, which would override it.

Clause 1(3) would make a consequential amendment to section 47(1) of the 1925 Act. Section 47(1) defines the statutory trusts for descendants or intestacy, providing that no grandchild or remoter descendant may inherit if his or her parent is still alive when the intestate dies. That is clearly inconsistent with proposed new section 46A, which would treat the offender as has having died before the deceased. Clause 1(3) would therefore insert "(subject to section 46A)" into section 47(1) to ensure consistency with the new rule.

Clause 1(4) makes another consequential amendment, inserting a new subsection, 4A, after section 47(4) of the 1925 Act. New subsection 4A states that subsections (2) and (4) of section 47 are subject to new section 46A.

Section 47(2) of the 1925 Act currently provides that where no descendant of the intestate attains a vested interest by reaching the age of 18, marrying or entering into a civil partnership under that age, the estate is to be distributed as if the intestate had died without issue. Section 47(4) applies a similar rule to the statutory trust for siblings or issue of siblings, defined by section 47(3). For the same reasons as apply in relation to the amendment made by clause 1(3), new subsection 4A will ensure that sections 47(2) and 47(4) are consistent with the new rule.

Clause 2 deals with disclaimer or forfeiture of a gift under a will, and makes analogous provision to that made by clause 1 in relation to intestate succession. It inserts a new section after section 33 of the Wills Act 1837 and makes one consequential amendment to that section. In both those situations, the will is to be interpreted as if the person disclaiming or the person forfeiting had died immediately before the testator, the effect of this being that the person next entitled to the property will be able to inherit. I would not want, in any proposition I put before the House, to tamper with the express provision of a will, and this Bill would not do that. The general rule I have mentioned gives way to a contrary intention shown in a will. That is consistent with section 33 of the Wills Act, which also gives way to a specific contrary intention in the testator's will. The new rule in clause 2 would, as with clause 1, give way to any order of the court made under section 2 of the Forfeiture Act to give relief to the killer from the effect of the forfeiture rule where the court decided that was appropriate.

Clause 3 deals with the death of a single parent aged under 18, in relation to which there is an anomaly in the law of intestacy. Where a child, C, of a deceased who dies intestate is entitled to a benefit but dies under the age of 18 without having married, but leaves a child or children, the law is unfair to that grandchild or grandchildren. Currently, C's benefit does not pass to his or her children because by dying an unmarried minor, C does not attain a vested interest in the intestate's property under the intestacy rules and therefore has no interest to pass on to his or her children. In such cases, the inheritance passes instead to the intestate's other, more distant, blood relatives. That clearly discriminates against the children of single parent minors. Since 1991, illegitimacy has not been not a bar to intestate inheritance, and such children qualify as grandchildren of the intestate. This problem would not arise if the child-mother was married, or if the grandchild or grandchildren were catered for in a will. The law of intestacy discriminates against illegitimate grandchildren: they are penalised because their mother is young and unmarried and because the deceased failed to make a will.

Some people—I hope none of them are in the Chamber—may feel that this bizarre rule is good news because it is a clear case of the law encouraging marriage and acting as a disincentive to young, unmarried girls becoming pregnant. I do not accept that argument, because although the present law prevents the children of unmarried teenage mothers—and fathers, come to that—from inheriting any interest that their parent may have had in the estate of the intestate person, they can inherit in other ways and can inherit other property.

Sir Alan Beith (Berwick-upon-Tweed) (LD): An even more telling point is that someone who has got into that situation without taking any precautions is, to put it mildly, extremely unlikely to be aware of this bizarre provision of the law.

Mr Knight: I accept that point absolutely and completely. The effect of the law does not produce the outcome that the intestate person in most cases would have wished anyway, and my Bill seeks to correct that anomaly.

There are a number of ways in which the state can and should seek to dissuade teenage pregnancies, but using the law of intestacy should not be one of them. I am not convinced that after a night out at a disco or bar, just before the moment of unprotected sex—perhaps in the back of a car—two young teenagers are going to feel in any way dissuaded from having sexual relations, and possibly thereby conceiving a child, by the expectation that they may die before reaching 18 or marrying, and thereby disinherit an unborn child that they might or might not be about to create. I absolutely agree with the comments made by the Chair of the Justice Committee.

We hope that most children are brought up in a loving relationship. Let us think of the poor child, who has an unmarried mother who is killed before she reaches the age of 18. What does the state say to the child? "Because of these circumstances, you will not be helped; you will not be able to inherit money that you would have inherited from your grandparents if your mother had reached the age of 18." Clause 3, therefore, inserts new subsections (4B), (4C) and (4D) into section 47 of the 1925 Act. I remind the House that that Act lists what happens on intestacy. The subsections inserted by the clause deal with the situation of the young child of an intestate who dies under the age of 18 without having married or formed a civil partnership. As C is a minor at the date of Y's death in the example, his or her interest in Y's estate will be held in the statutory trusts imposed by the 1925 Act.

On commencement, clause 4(4) provides that only deaths occurring after the commencement of the Bill will be covered by it. Knowing, in this cost-conscious age in which we live, my hon. Friends' concern about the financial implications, I draw their attention to the fact that the implementation of the Bill is not expected to impose any additional burden or to increase any other public expenditure.

Mr Chope: My understanding is that the Bill incorporates part of the recommendations of the Law Commission, which were going to be legislated for by the Government, but the Government decided not to legislate for those because they said it would be too expensive to do so. How is that action by the Government consistent with what my right hon. Friend says—that nothing in the Bill would add to the costs to the public purse?

Mr Knight: My Bill is not precisely the same as the Bill proposed by the Law Commission; I have made a number of changes to it. I stand by what I just told the House. I am sure the Minister will deal with this point in further detail if it is felt that I am incorrect, but I suspect that the reason my hon. Friend the Member for Christchurch (Mr Chope) is confused is as follows. The Law Commission suggested that special trust provision for minors in forfeiture cases be set up, and when the Ministry of Justice consulted on the special trust provision proposals, which may have played a part in the issue of cost, several criticisms were made of them. Some consultees doubted that they were necessary, and I understand that the Ministry of Justice—I stand to be corrected by the Minister—re-examined those proposals with the Law Commission, and they both then changed their mind and agreed that the proposals were unnecessary. I have not suggested otherwise because I take the view that the law already provides protection for minors' inheritances. That may answer my hon. Friend's point.

Mr Chope: My right hon. Friend is giving the Government an absolute discretion as to when his Bill would be brought into effect. Why is he doing that rather than saying that the Bill should come into effect three months after obtaining Royal Assent?

Mr Knight: I am doing that for the simple reason that I have confidence and trust in the coalition Government and I saw no reason to seek to override them on so footling a matter. If the Minister tells the House that he supports the Bill—which I hope he will in a moment—I expect him in good faith to see that the Bill is brought into effect as soon as is reasonably possible. Because I have confidence, particularly in this ministerial team, I decided to leave it to the Government to make that decision.

Sir Alan Beith: I return to the point that the Law Commission had made. Its recommendation about creating trust provisions—originally with the Public Trustee—arose from an anxiety that money should be administered without benefit, particularly indirect benefit, to a killer. Although that could have been done by private trustees rather than the Public Trustee and without public cost, its original thinking was that something along those lines was needed. Is the right hon. Gentleman confident that he was right not to include it in the Bill?

Mr Knight: I think so, because the court has power to determine who manages an estate, and I would have thought that that power was sufficient. If the court felt that the estate was being manipulated by an incarcerated prisoner—the father who had murdered the grandparent—I would have thought that the courts would have power to intervene and take over the management of the estate. That was why I did not include those provisions in the Bill, particularly when I noted that there had been further discussions between the Ministry of Justice and the Law Commission and that they had both reached the conclusion that the special trust provision was unnecessary. I assumed, and still do assume, that because that was where the debate ended up, we need not bother with that extra tier of bureaucracy in the Bill. However, should the Bill be given a Second Reading and should evidence to the contrary arise, I am happy to look at the matter by way of possible amendment to the Bill—although I hope and believe that will not be necessary or desirable.

On public manpower, I tell my hon. Friends that no change in the work load of any Government Department or agency is anticipated if the Bill is implemented. Usually, Ministers have to make a statement about compatibility with the European convention on human rights. I am delighted to say that this is not a Government Bill, so it does not require a statement under section 19(1) of the Human Rights Act 1998. However, if it did, my understanding of that Act is that the provisions of the Bill are compatible with the convention in any event.

[Mr Knight]

The Bill extends to England and Wales, and as my hon. Friend the Member for Christchurch has said, it will come into force when the Minister so determines should it pass through all its stages in both Houses. I am sure, if he supports the Bill, that he will not stand in its way.

The Bill is merely intended to make our law fairer, by removing technicalities that run contrary to the general policy of the law of succession. It will allow direct descendants to inherit ahead of more distant relatives on intestacy. Where there is a will, the Bill will allow the people whom the deceased intended, or could be assumed to have intended, to take the inheritance if the deceased's first intended recipient does not. More importantly, the Bill will produce an outcome that is fair, rather than one based on legal technicalities.

I am most grateful for the courteous and helpful assistance that I have received from the Minister, his departmental team, Officers and servants of the House and members of the Law Commission to whom I have spoken. I am also grateful to the Justice Committee, which has indicated its support for the measure, and for the comments made by its Chairman, my right hon. Friend the Member for Berwick-upon-Tweed, whom I am delighted to see with us today. Finally, I am most grateful to all hon. Members for giving me a fair hearing today. I hope that they will in due course give this modest but worthy Bill a Second Reading.

10.31 am

Sir Alan Beith (Berwick-upon-Tweed) (LD): I congratulate my right hon. Friend the Member for East Yorkshire (Mr Knight) on introducing the Bill and on his lucid presentation of a complex matter. Of course, as he indicated, the background is that a draft Civil Law Reform Bill was published in the last Session of Parliament and the Justice Committee studied the Government's request in some detail. His Bill takes up a significant part of the draft Bill. Meanwhile, the Government have decided not to proceed with it.

I received a letter, dated 16 December, from the Under-Secretary of State for Justice, the hon. Member for Huntingdon (Mr Djanogly), who is dealing with the debate today, indicating how grateful the Government were for the Justice Committee's report, but he said that

"as the draft Bill does not contribute to the delivery of our key priorities, we have decided not to take it forward."

I am not unsympathetic to the Government's decision not to proceed with the draft Bill in this Session. It is complex; it would require a lot of ministerial time and attention; and the Department has many urgent priorities to deal with. But I hope that the Government have not closed the door on sorting out some of the laws with which it deals.

Much of the draft Civil Law Reform Bill related to bereavement and dependency damages and damages in respect of gratuitous care under the Fatal Accidents Act 1976. It was complex; the Justice Committee did not agree with it all; and further work clearly needed to be done. I hope that that work is not brought to a complete halt by the decision not to proceed in this Session and that it can be taken forward in other Sessions. Of course, if that does not happen, it raises yet again a question that we have come up against several times: why have a Law Commission, which consumes considerable public resources in doing detailed and careful work on laws that need to be improved and brought up to date, if its recommendations are not implemented? Judicial time, as well as public expenditure, is involved. The record of successive Governments in implementing Law Commission recommendations is not very good.

However, into the breach has stepped my right hon. Friend to deal with laws that are significant to a small number of people. By definition, those few people are in pretty serious and challenging circumstances, particularly where a killing has taken place in the family or where a death—indeed, a death of a minor—has occurred. Those are awful family circumstances in which we want the law to be helpful, not unhelpful.

When a person dies without a valid will in England or Wales, intestacy laws determine who will inherit his or her property. Succession law is generally aimed at benefiting descendants in preference to other, more remote family members, and the order for doing so is set out in the Administration of Estates Act 1925—spouse, children, parents, siblings, half-siblings, grandparents, aunts and uncles, and half-aunts and uncles—and when no relative survives, the deceased's money goes to the Crown.

Currently, the common law forfeiture rule prevents a person convicted of an unlawful killing from benefiting from the victim's death, irrespective of whether the victim had made a will. Murderers are always prevented from benefiting from their victims' deaths, but the court has discretion over whether to apply the forfeiture rule in cases of manslaughter or other forms of unlawful killing.

A child who has murdered his or her father cannot therefore inherit the father's estate, even if he made such provision in his will. His or her children—the victim's grandchildren—also cannot inherit because section 47 of the Administration of Estates Act 1925 and section 33 of the Wills Act 1837 require the death of the parent before the child can inherit from the grandparents.

The impact on a grandchild when his parent forfeits a grandparent's estate under the forfeiture rule was heavily criticised in the case Re DWS in 2001, where a father had murdered both his parents. Both grandparents died without a will, and the Court of Appeal held that it had no power to treat the father, who was disqualified from inheriting by reason of his crime, as deceased, which would have allowed the grandson to inherit. The estate therefore went to other relatives. That led to the issue being referred to the Law Commission.

In such unusual circumstances, children who are indirect victims of a grave crime are denied the support that the murdered person would have wished them to have. Either they have expressed that wish in a will, or, having failed to do so, everyone realises that that is what the deceased person would have wanted. Added to the loss of a loved family member comes the loss of the benefit that that family member would have wished them to have.

The Bill would deem the person who disclaimed an inheritance or who is precluded by the forfeiture rule from inheriting as having died immediately before the deceased, unless the relevant will contains a contrary provision. Property would therefore to go to grandchildren.

rather than more distant relatives, unless the deceased has explicitly excluded them from inheriting the estate in the will—a "deemed predeceased rule" is the legal term.

My right hon. Friend was also dealing with, and referred to, another anomaly: the case of the unmarried minor who has a child but dies without having married or entering a civil partnership. The Bill will allow the child to inherit in those circumstances by deeming that the parent died before the person from whom he or she was inheriting.

All that closely follows the Law Commission's recommendations in the 2005 report, "The Forfeiture Rule and the Law of Succession". That leaves only the commission's recommendation that, if as a result of its other recommendations, property devolves on or is held for a minor descendant of a killer, the court should have the power to order that the property be held by the public trustee, who should administer it in order to avoid benefit to the killer.

There was a reason for that recommendation. Professor Hugh Beale, the law commissioner who led on the report, told the Justice Committee:

> "We were worried that somehow the killer might benefit indirectly or directly by, as it were, either being able to get hold of some of the trust money, perhaps by influencing the trustee or possibly by encouraging the trustee to take on responsibilities which otherwise the killer himself or herself would bear: maintenance responsibilities".

for example. The Government's original draft Bill would have enacted that recommendation with a minor alteration: the court would have been required not to appoint the public trustee, but to consult the public trustee, who could then advise on a more suitable private trustee. Professor Beale described that as an "eminently sensible change".

Concerns were raised by witnesses about the loose drafting of the relevant clause, which referred to

> "an infant who is a child or remoter descendant of the offender".

We recommend that the Government re-examine the drafting of what were then clauses 15 to 17, in the light of comments from the Bar Council and the Law Society. We expected all minors to receive suitable protection under the draft Bill. We said that we shared the Law Society's concern that nothing should be done to impair the validity of existing wills. We welcome the proposal to ensure that minors who inherit under that provision have their inheritance protected. Whether there is a problem that ought to be dealt with, and could be dealt with without creating secondary problems, is worthy of at least some further consideration in Committee.

The primary argument against changing the law as proposed in the draft Bill, referring to the provision about minors, was discussed in an earlier intervention: the idea that the forfeiture rule could have a deterrent effect. The concept of deterrence is stretched at the best of times. Many crimes are committed with total unconcern for the consequences that might follow if someone were detected and brought to justice. The remotest and weirdest notion of deterrence would arise in circumstances when a child was conceived unexpectedly by a minor who did not then get married or enter a civil partnership—deterrence coming into play at that point is plainly absurd. The Law Commission took the view that killers were unlikely to be influenced by such changes in the law. That consideration is completely outweighed by the injustice that would be done to the deceased, whose property would be inherited by more distant relatives, and to the innocent children.

It was the effect of the present rules on innocent children in particular that influenced me in supporting the Select Committee view that the Law Commission proposals should be implemented. However, more generally, as I said in my opening remarks, we are concerned at the poor record of implementing Law Commission proposals. Our report said, at paragraph 194:

> "We believe the delay in legislating on Law Commission recommendations is not only demoralising for that organisation but leads to a waste of limited resources because case law can change the legal context while recommendations await implementation requiring further consideration of the proposed changes. The last 10 years has seen a vast amount of criminal justice legislation introduced by the Government. In contrast, civil law measures have sometimes being neglected, to the public detriment."

We are all grateful to the right hon. Member for East Yorkshire for filling part of the gap. In wishing his Bill success, I hope to prompt the Government not to neglect the area of civil law.

10.42 am

Robert Flello (Stoke-on-Trent South) (Lab): I congratulate the right hon. Member for East Yorkshire (Mr Knight) on bringing the Bill to the House. I know the pressures and pitfalls associated with promoting a private Member's Bill all too well, following my own experience with the Sustainable Livestock Bill. I hope that his hon. Friends will be somewhat pithier in their contributions when debating his Bill than they were on 12 November. I particularly noted the right hon. Gentleman's opening remarks. Parliamentary observers—those outside the Chamber—will have seen the usual suspects in the House today and will know that we are probably in for a long sitting.

Mr Knight: In case the hon. Gentleman has not appreciated the fact—although, knowing him, I am sure he has—may I place it on record that when the House debated his Bill, I was one of his supporters? I hope that today he is feeling generous enough to return the compliment.

Robert Flello: I always like to be generous and, indeed, I thank the right hon. Gentleman for supporting my Bill on 12 November. I wish, sadly, that some of his colleagues had felt the same way.

The right hon. Gentleman did an extremely good job: he gave a valuable explanation, with examples that clarified the existing law and its application. I also congratulate the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) on his usual measured and thoughtful contribution to the debate. I concur that further consideration in Committee would be valuable to look at some of the detail. Despite 40 minutes or so of the right hon. Member for East Yorkshire introducing his Bill, some issues still need to be teased out in Committee.

If enacted, the Bill would address the concerns raised by the Law Commission in its 2005 report, "The Forfeiture Rule and the Law of Succession". The report proposed amendments to the law as it stands, whereby grandchildren of a deceased individual are disallowed from inheriting property and suffer from what might be described as the

[Robert Flello]

sins of their parents being visited upon them if the parents were responsible for the murder of the deceased. The current law disinherits grandchildren of the deceased when their parent forgoes their inheritance, and it also applies when the parent is an unmarried minor on inheritance and dies without attaining majority, or marrying or entering a civil partnership.

The report's headline recommendation was that a deemed predeceased rule be used when a child or relative has either murdered the deceased or opted to disclaim the inheritance, thereby forfeiting their entitlement to it. The child would be considered to have died shortly before the parent, and the law would then allow for the grandchild to inherit.

As the debate over the rights and wrongs of assisted suicide continues, and cases of patricide and matricide sadly continue to occur, the Bill is timely, and the Opposition believe it addresses a clear injustice. Indeed, the previous Labour Government accepted the recommendations of the Law Commission report, and in December 2009 produced the draft Civil Law Reform Bill which, among other things, incorporated those recommendations. The Bill was welcomed by the Justice Committee and it is disappointing that the current Government chose not to proceed with the measures in it.

I welcome the Bill introduced by the right hon. Member for East Yorkshire and I am pleased that he has used his favourable draw in the private Members' ballot to bring forward legislation that reflects the combined wisdom of the Law Commission, and indeed the previous Labour Government. The Bill would take forward, with some modifications, clauses in part 3 of the Civil Law Reform Bill and despite the Government's decision not to take forward that draft Bill, I am pleased that the Front-Bench team have—I believe—indicated that they do not oppose the Bill before us today.

The forfeiture rule is, of course, part of the wider principle that an individual should not profit from a crime they have committed. The previous Government strengthened that principle through such legislation as the Proceeds of Crime Act 2002, and the Labour party in opposition continues to support it. The forfeiture rule prevents an individual from inheriting property from someone, through a will, when they have unlawfully killed the deceased or unlawfully aided, abetted, counselled or procured the death. The rules as they stand would disallow a grandchild of the deceased from inheriting anything in such a situation—a rule the Bill seeks to amend.

The Law Commission report stated that the law as it stands is unfair for three reasons: grandchildren should not be punished for the sins of their parents; it is more likely that the deceased would have wished to benefit the grandchildren than other relatives; and the general policy of intestacy law is to prefer direct descendants to siblings and other relatives—to make an exception under the forfeiture rules is inconsistent with that policy.

The Bill introduces the deemed predeceased rule suggested by the Law Commission, whereby the child is considered to have died before the parent, and I believe it would address the Law Commission's three criticisms. It would mean that unless stated otherwise in a will, a deceased person's property would be distributed as though certain individuals—one who disclaims a gift, forfeits a gift, or a single parent dying under the age of 18—had died immediately before the deceased.

It is worth further mentioning the last of those three individuals—the single parent dying under the age of 18—as it is commendable that the right hon. Gentleman has used his Bill to address that anomaly. The current law states that when a parent dies leaving minor children, the "vested interest" of that child cannot be passed to their own children if they die before the age of 18. That is deeply unfair, so the Opposition welcome the inclusion of those provisions in the Bill.

As the debate over assisted suicide develops, or considerations as yet unknown become more important, future parliamentarians may find themselves debating the matter again. Unfortunately, when legislation is introduced to close a loophole or address a fairly narrow issue, it can in turn create new loopholes or additional issues. Those concerns notwithstanding, the Opposition have no objection to the Bill and we hope to see it proceed to Committee for further and more detailed scrutiny.

I again congratulate the right hon. Member for East Yorkshire on introducing the Bill. If it is pushed to a Division, I hope that a sufficient number of Members will join me in voting in favour of it.

10.49 am

Mr David Nuttall (Bury North) (Con): I remind the House that I am a solicitor and notary public, although I no longer hold a practising certificate for either profession.

I congratulate my right hon. Friend the Member for East Yorkshire (Mr Knight) on using this opportunity to introduce his Bill in such a selfless way. Few could have anticipated that debate on a Bill with as dry a title as Estates of Deceased Persons (Forfeiture Rule and Law of Succession) Bill would have resulted in references to unprotected sex in the back of a motor vehicle; that will certainly enliven those who read *Hansard*, I am sure.

I thank my right hon. Friend for clarifying, in response to an intervention by my hon. Friend the Member for Christchurch (Mr Chope), the difference between tax avoidance and tax evasion. All too often in recent months, Members on both sides of the House, including those on the Treasury Bench, have got those two terms muddled up, and have muddled them in the minds of the electorate. Historically, there has been a clear division in law between tax avoidance and tax evasion. If the Bill comes into use, by way of a disclaimer somebody might say, "That's tax evasion, or avoidance," but there is a big difference between the two terms, and I am grateful to my right hon. Friend the Member for East Yorkshire for making that clear.

Many Members, if they had come fifth in the private Members' Bill ballot, would understandably be tempted to go down the road of popularism, and to use the opportunity to jump on whichever bandwagon happened to be passing. It says a great deal about the public-spiritedness of my right hon. Friend that rather than go down that path, he used the opportunity that he gained in the ballot to bring before the House this Bill, which, with the best will in the world, can be described only as a legal and technical measure. As I shall mention later, it has gone through what can only be described as a very long and tortuous period of gestation to be with us this

morning. The Bill may be a technical measure, but it could affect many people in years to come. Many a family may well be profoundly grateful for the changes to the law of succession that the Bill seeks to introduce.

So what problem does the Bill seek to solve? Essentially, it would prevent grandchildren from being punished for the sins of their parents. In common law, it has long been the rule—often referred to as the forfeiture rule—that when someone unlawfully kills a person, they cannot benefit from the person's estate. In short, they cannot inherit property from the deceased person whom they have murdered or otherwise unlawfully killed. Of course, even non-lawyers may be familiar with that common-law rule, as it has featured in many a murder mystery story over the years. Fans of Agatha Christie-type whodunnits may well have come across the rule as part of an interesting subplot to many a gripping yarn.

The forfeiture rule is an example of the general legal principle that a person should not be allowed to profit from his or her crime. That general common-law rule was, of course, enshrined in the Forfeiture Act 1982, which has been mentioned. I should like to clarify that the Act makes it clear that when someone is convicted of murder, the court has no discretion over whether to enforce the rule; it is only when a person is convicted of manslaughter that the court is given discretion over whether to apply the forfeiture rule in full.

As the House will be aware, a person who dies without making a will is said to have died intestate. When someone dies intestate and leaves no spouse surviving, but only a child, the law would, in the ordinary course of events, provide for that child to inherit the mother's or father's estate, but of course, in accordance with the rule to which I just referred, a problem arises if the son or daughter has unlawfully killed their parent.

That is more or less what happened in what is usually referred to as the leading case on the subject, which set in train the whole sequence of events that led to the Bill being brought before us this morning, and that is the case Re DWS (deceased), which was eventually quoted in the Court of Appeal in 2001. To understand the background to the Bill, I submit it is essential that the facts of that case, and the details of the judgment given, be examined, because it gives the best explanation of why the Bill is so essential.

In 1993, the son, whom I shall refer to as RS, murdered not one parent but both—Mr and Mrs S. Neither Mr nor Mrs S had made a will, and they were survived not only by their son, the murderer, but by his son—their grandson, T. T was a minor, and claimed in the court action the estates of his grandparents through his mother, who was acting, in legal terms, as his next friend, as he was of course too young to bring the action himself.

To understand the case fully, it is essential that we know what other surviving relatives there were. Mr S did not have either parent surviving him, but he did have his sister, Winifred. Sadly, by the time the case was heard, Winifred had died; she died in April 1995. The House will recall that the murder took place in 1993. Her estate was therefore represented by the persons who became the first, second and third defendants in the action. Mrs S was in a similar position: she did not have a surviving parent, but she did have a brother, Jack, and a sister, Gladys. However, although they both predeceased Mrs S, the sister, Gladys, had two children, who became the fourth and fifth defendants in the case.

The proceedings on behalf of T, the young grandson, were launched in 1995. T, through his mother, sought grants of administration covering the estates of both his grandparents, and he sought a declaration that he was entitled to those estates once he reached the age of 18. The grants of representation were made, and the only issue with which the judge—His Honour Mr Justice Blackburn, in the first instance—had to concern himself was the entitlement of T to the estates. It was accepted at the trial that the son, R, was disqualified from benefiting from his parents' estate under the principle of public policy enunciated in a number of cases, the leading case being the 1892 case of Cleaver *v.* Mutual Reserve Fund Life Association.

As Mr S died intestate, the devolution of his estate fell to be determined in accordance with the provisions of sections 46 and 47 of the Administration of Estates Act 1925. Section 46(1)(ii) states:

"If the estate leaves issue but no husband or wife the residuary estate of the intestate shall be held on the statutory trusts for the issue of the intestate".

When Mr S died, he left issue in his son, RS, and his grandson, T. With RS ruled out because of the forfeiture rule, the question was whether the grandson could inherit. I cannot put it more succinctly than the trial judge, who said:

"The plaintiff's entitlement arises, if at all, under the statutory trusts set out in section 47(1)(i).

Under the terms of that provision, however, the plaintiff, as the son a child of the intestate, can qualify only if he is within the definition of: 'issue living at the death of the intestate who attain the age of eighteen years or marry under that age of the intestate who predeceases the intestate'.

On its face therefore, section 47(1)(i) requires:

(a) that as issue of a child of the intestate, the plaintiff should

(i) be living at the death of the intestate"

which of course T was—

"(ii) attain the age of 18 or marry under that age"—

although that was not yet achieved, the grandson might have gone on to do so—

"(b) that his father, RS, being a child of the intestate, should have predeceased the intestate"

which was not the case. The judge concluded:

"Literally applied, therefore, the plaintiff cannot satisfy the conditions laid down for him to take."

The counsel instructed to represent T, Mr Barlow, submitted that the crucial section 47(1)(i) should be construed as though RS had predeceased his father. Not surprisingly, the judge rejected that submission:

"Persuasively though the argument was put, and sympathetic though I am to the plaintiff's plight, I cannot accept Mr Barlow's submissions. In my view the relevant authorities do not justify such an approach. If anything they assume that as happened of course, the offender must indeed be taken to have survived his victim."

It was then necessary to determine whether Winifred's executors—the House will recall that Winifred was the murdered man's sister—should inherit. The difficulty was that, if her estate was to benefit, compliance with section 46(1)(v) was required. That provision requires the intestate to have died without husband or wife, or issue or parent. However, there was issue, because both the son, RS, and the grandson, T, had survived. There were two possibilities for the court to consider.

[Mr David Nuttall]

First, as the conditions set out in subsection(1)(v) had not been satisfied, Winifred's estate could not take, in which case, the estate of Mr S would pass to the Crown as bona vacantia. In view of the current state of the public finances, some people in the Treasury may well think that there ought to be more cases in which the Treasury stands to benefit, but that was not a matter that the court took into account. Secondly, notwithstanding the non-satisfaction of the conditions required for the operation of that subsection, the next available class could nevertheless take, where a person from an earlier class, although in existence, is disabled from taking.

Although it appears from the situation that prompted those questions that Winifred's estate was entitled, it was not one that, according to the research undertaken by counsel, had been the subject of a decision in any previous reported case. The question had arisen—and had been considered in the context of a disclaimer, rather than in the application of the forfeiture rule—in the case Re Scott (deceased) and Widdows *v.* friends of the Clergy Corporation in 1975. I do not propose to go into the facts this morning; suffice it to say that the decision in that case was that if one class of potential beneficiaries had disclaimed, and there were no members in subsequent classes, that did not prevent members of a class with a lower entitlement from inheriting.

Mr Knight: My hon. Friend is dealing with two important cases, but does he agree that they illustrate that our intestacy provisions are defective, and that the Bill seeks to put that right? The intestacy rules are a default mechanism, designed to help people who did not make a will, by channelling their property to their nearest blood relatives. Those cases show that there is a defect in that mechanism that is enabling further, distant relatives to benefit in those narrow cases, which is something that the Bill seeks to put right.

Mr Nuttall: My right hon. Friend is absolutely right. Reading in even more detail the transcripts of those judgments, it was clear to me that the judges, certainly at first instance and again in the Court of Appeal, struggled with that dilemma, because they knew that in cases of intestate succession the will of Parliament was that the closest issue to the deceased should inherit, whereas the operation of this rule meant that more distant relatives were taking. In the case Re DWS, they concluded reluctantly that, with the best will in the world, they could not override the wording of the 1925 Act.

The judge decided that the case provided a common-sense if not entirely logical answer to the problem arising from RS's disqualification from benefit. The Treasury was not represented in that case and decided that it would not even appear, so I think that the judge was looking for a way to ensure that at least someone in the family benefited, which is why he seized on the case of Scott as a way out. He stated that, if necessary—and he did not think that it was—the same result could be achieved by implying that the words "capable of taking" were added after the words "no issue" in section 46(1)(v). The inclusion of those words was another way around the problem

When I read the details of all the cases, it seemed rather odd that the judge was prepared in effect to add the words "capable of taking" into an Act. However, when it came to the previous rule, there was no way round it. Had he not made that decision, and found a way to get round the forfeiture rule, perhaps we would not be here today and there would be no need for the Bill. As a result of that approach, the estate of Mr S did not pass to the Crown as bona vacantia, but to Winifred's executors.

That, of course, all led on from a murder in 1993. The case began in 1995 and reached the Chancery Division at Newcastle-upon-Tyne in March 1999. The decision was appealed on behalf of the grandson and the case went to the Court of Appeal in November 2000. Three years later, in July 2003, the Department for Constitutional Affairs asked the Law Commission to review the relationship between the forfeiture rule and the law of succession. In particular, the terms of reference specified that the review should be carried out with reference to the difficulties highlighted in the case Re DWS (deceased).

Mr Knight: Will my hon. Friend confirm that there was no suggestion at all in the case Re DWS that the grandchild had in any way aided and abetted the murder? He was an innocent potential beneficiary who lost out. Indeed, I believe that at the time of the murders the grandchild was only two years of age.

Mr Nuttall: I was not aware of the precise age of the grandchild, only that he was a young minor. I apologise: the preamble to the law report does state that RS had a two-year-old son, so it is fair to say that at that age he was entirely innocent. His mother, as I mentioned earlier, was acting on his behalf to ensure that he would not suffer as a result of the acts of his murderous father.

The Law Commission embarked on an investigation of the matter. It was asked to explore ways in which the law might be reformed to prevent the apparently unfair outcomes of the sort that occurred in that particular case. In October 2003, the Law Commission published a consultation paper entitled "The Forfeiture Rule and the Law of Succession". It was in July 2005—another two years having passed—that the commission published its report. We can see how the years passed—it was 10 years since the start of the case and 12 years since the original murder.

In the introduction to its report, the Law Commission stated:

> "It is clearly right to exclude a murderer from inheriting, but it seems unfair to exclude the murderer's children as well. This outcome appears arbitrary: it is not based on public policy, but it is a by-product of the way the intestacy legislation is drafted."

The Law Commission's recommendations in its report of July 2005 were, first, that there should be a statutory rule that when a person forfeits the right to inherit from an intestate through having killed that intestate, the rules of intestate succession as laid down in sections 46 and 47 of the Administration of Estates Act 1925, as amended, should be applied as though the killer had died immediately before the intestate.

The Law Commission recommended, secondly, that when a person forfeits a benefit under an intestacy through having killed the deceased, but as a result of the reforms, property devolves on or is held for a minor descendant of the killer, the court should have the power to order that the property be held by the Public Trustee, who should administer it so as to avoid benefit to the killer. Thirdly, when a person forfeits a benefit

under a will through having killed the testator, the will should be applied as though the killer had died immediately before the testator unless the will contains a provision to the contrary.

The fourth recommendation was that where a person forfeits a benefit under a will through having killed the deceased, but as a result of the reforms property devolves on or is held for a minor descendant of the killer, the court should have power to order that the property be held by the Public Trustee, who should administer it so as to avoid benefit to the killer. Fifthly, when a person disclaims an inheritance either under a will or under the law of intestacy, the inheritance should devolve as if the person disclaiming had died immediately before the deceased. The sixth and final recommendation was that when a person loses a benefit under intestacy by dying unmarried and a minor but leaves children or remoter issue, the property should devolve as if that person had died immediately before the intestate.

The following year, in 2006, the then Labour Government accepted the Law Commission's recommendations and included the provisions to implement them in part 3 of a draft civil law reform Bill which they put out for consultation in December 2009. Seven of the eight respondents to part 3 of the consultation on the Bill supported the reforms and agreed that the new law would be fairer and simpler to operate.

Lyn Brown (West Ham) (Lab): I have been listening with rapt attention to this modern-day "Bleak House", although I am sure the hon. Gentleman will agree that the prose is not quite as eloquent as that of Charles Dickens. Given that the Bill proposes a remedy to the particular difficulties that the hon. Gentleman has highlighted in the cases that he has placed before us, is he not prepared to accept the Bill and allow it fair passage through to its Report stage?

Mr Nuttall: I certainly wish the Bill well. I am about to express my concern at how long it has been held up in the legislative process. The report from the Justice Committee referred to that.

Jacob Rees-Mogg: I am loth to disagree with the hon. Member for West Ham (Lyn Brown), who always makes fine points, but on this occasion may I encourage my hon. Friend to give us a full explanation so that we can thoroughly understand why the Bill is necessary? Legislation is a big and weighty matter and should be brought in only for major issues where there is real concern. We need to understand that, and I am grateful for the fullness of my hon. Friend's explanation, which I hope will be even fuller.

Mr Nuttall: I am extremely grateful to my hon. Friend for that intervention. The Bill would not be before the House had it not been for the original case. It raises the question how many other cases in solicitors' offices throughout the land have been determined on the back of that Court of Appeal case without ever going to court because the solicitors would say, "We know what the law is because of the Court of Appeal ruling in that case." Many cases may have been dealt with in that way.

It has now been 18 years since the murder, and 10 years since the judgment, which raises the question of how fast we have progressed with the matter.

Mr Knight: As far as I can ascertain, having looked at the figures, the Bill will affect about 200 cases a year.

Mr Nuttall: I am grateful to my right hon. Friend for that helpful information. If we extrapolate from that, disregarding the fact that the legal proceedings took six years from their launch to their conclusion, we can calculate that in the past 10 years around 2,000 cases have been affected by the delay in bringing the matter to fruition.

My right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) referred to the evidence that Professor Beale gave to the Justice Committee when it prepared its sixth report, which was part of the pre-legislative scrutiny procedure for the draft Civil Law Reform Bill. Professor Beale had indicated the difficulties in implementing the Law Commission's recommendations. With regard to limitation periods, one problem was that the delay had been so long that new cases had come along in the meantime and changed the legal position.

The Secretary of State for Justice at the time, the right hon. Member for Blackburn (Mr Straw), had accepted that there had been delays in implementing the Law Commission's recommendations. He said that the draft Civil Law Reform Bill had "been in process" since he had been at the Ministry of Justice. He said:

> "One of the difficulties... is that this is an important measure but there have always been other... demands on the legislative programme in the past which have meant that it has been squeezed out, because it is worthy—I actually think very important in terms of what it is doing—but it has not been seen as such a high priority."

I am sure that those affected by that in the 2,000 cases would think that it is an extremely high priority. He continued:

> "That is the honest trust about it... There has also been an extensive period of consultation."

Well, he is certainly right there. He continued:

> "The original proposals, for example, in respect of damages following fatal accidents, which were in the Law Commission proposals, have themselves been refined since then. But if you are saying: 'Does that take 11 years?', the answer to that is no."

There are clearly problems with the procedures. If the case highlights anything—it is perhaps something that the House should look at—it is how the recommendations of the Law Commission are put into legislation. The Minister might have something to say on that later.

The Justice Committee did much pre-legislative scrutiny on that draft Bill and produced an excellent report on it, so it is interesting that the coalition Government have now announced that they do not intend to proceed with it. Were it not for the good fortune of the decision by my right hon. Friend the Member for East Yorkshire to adopt the Bill after his name was drawn in the ballot, I wonder how long the work of the Law Commission and the subsequent legislative scrutiny of the Justice Committee would have languished in the parliamentary waiting room.

If the Bill passes into law, the position would be clarified by virtue of the inclusion of proposed new section 46A, which provides that where a person is entitled to inherit on an intestacy but has either disclaimed their right or is precluded from inheriting by the forfeiture rule, that person is to be treated as having died immediately before the intestate. Clause 2 makes a similar provision to cover cases in which a person dies having left a will and a beneficiary under that will either disclaims or is

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precluded from inheriting by virtue of the forfeiture rule. Clause 3 provides that in the tragic case of a single parent under the age of 18 dying intestate and leaving a child or children surviving, the estate of the intestate—

Jacob Rees-Mogg: Would my hon. Friend explain a little more about the circumstances under which a testator could leave provision that would not be affected by the Bill? I have been unable to work out how a person who is murdered could have expected and anticipated that in their will. Would he elaborate on that point?

Mr Nuttall: My hon. Friend makes an excellent point. One of the problems is that the affairs of a person who is murdered are left hanging in mid air. If they have not made a will, their affairs might be left to the vagaries of the intestacy laws. If they have made a will and have been murdered by their son, law might provide for the estate to pass to that son anyway.

Mr Knight: My hon. Friend, like me, is a lawyer, so I hesitate to suggest this to him, but is not the answer to that question that any good will has a default position? If a testator gives to a son a share of the estate, which might be a 100% share, and that son then murders the testator, thus becoming prohibited from inheriting under the forfeiture rule, a good will would state that in the event that a son does not inherit, the estate should go to person A, B, C or whoever. Does my hon. Friend agree that a well-drafted will should cover that eventually? In my view, a will that does not do that and merely gives money to one person, without stating what will happen if that person cannot inherit, is an appallingly drafted will.

Mr Nuttall: My right hon. Friend is absolutely right, and I am sure that my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) has taken that comment on board. It was exactly the point I was about to make. I would add that I am sure that professionally drawn wills would, in the vast majority of cases, make further provision for substitution. As I know from experience, many wills are made at home—home-made wills—in which case people might not be so careful or think that it is even necessary to think beyond their nearest and dearest. They simply write their will at home, with two witnesses, and leave it at that. In such circumstances, if that person had an only child and that child murdered the testator, there would of course be nothing that the testator could do about it. However, if the person dies within a year of the act, it can still be classed as murder. The person might linger and still have appropriate testamentary mental capacity to make another will and change it. I could imagine those circumstances arising, although I accept that they would do so rarely.

Clause 3 provides that in the tragic case whereby a single parent under 18 years old dies leaving a child or children surviving, the estate of the intestate is distributed as if the single parent had died immediately before the intestate. That point was covered adequately in the comments of my right hon. Friend the Member for East Yorkshire.

My right hon. Friend thinks that the issue will affect 200 estates a year, but in future many thousands of estates will benefit from the proposals in the Bill. One thing is certain: many families will be for ever grateful that this measure was brought before Parliament. I certainly wish it well, I am pleased to see that Members on both sides of the House support it, and I trust that it will have the support of the whole House.

11.31 am

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): I, too, congratulate my right hon. Friend the Member for East Yorkshire (Mr Knight) on his success in last year's ballot on private Members' Bills and, indeed, on his good judgment in deciding to introduce the Bill before us. I am happy that he went for, as he put it, the worthy and uncontroversial option. Let us hope that that remains the case. It is uncontroversial but certainly not uncomplicated.

In presenting the Bill, my right hon. Friend was supported by the Chairman of the Justice Committee, my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith), who it is good to see here today, the hon. Members for Cardiff West (Kevin Brennan), and for Birmingham, Yardley (John Hemming), my hon. Friends the Members for Stone (Mr Cash), for South West Devon (Mr Streeter) and for Bridgwater and West Somerset (Mr Liddell-Grainger), the hon. Member for Rhondda (Chris Bryant), my hon. Friend the Member for Christchurch (Mr Chope), the hon. Member for Mansfield (Mr Meale), and my hon. Friends the Members for Croydon South (Richard Ottaway) and for Shipley (Philip Davies)—a good cross-section of the House.

Today, we have thoroughly debated an unusual but important aspect of succession law, and we had strong contributions—from my right hon. Friend the Member for Berwick-upon-Tweed, my hon. Friends the Members for Christchurch and for North East Somerset (Jacob Rees-Mogg), and the lawyer's eye of my hon. Friend the Member for Bury North (Mr Nuttall)—that brought out many of the complexities of the succession law, even though the principle seems relatively straightforward.

My right hon. Friend's Bill, as has been mentioned, will implement the main recommendations of the Law Commission in its 2005 report, "The Forfeiture Rule and the Law of Succession", making the law of succession simpler and fairer. The purpose of the law of succession in this context is to decide who should get what from the estate of a deceased person. The Law Commission reached its conclusions after a public consultation in 2003, and its recommendations were accepted by the then Government in November 2006, subject to minor modifications. Those proposals were then included in the draft Civil Law Reform Bill, which was published for public consultation and pre-legislative scrutiny in December 2009. The pre-legislative scrutiny was conducted by the Justice Committee, which published its conclusions in its sixth report of the 2009-2010 Session of the previous Parliament, under the title "Draft Civil Law Reform Bill: Pre-legislative Scrutiny".

Before the previous Government could reply to the Justice Committee, the general election was called. We all know the events that followed, but for the purposes of our debate today what matters is that my right hon. Friend was returned as the Member for his newly formed constituency of East Yorkshire. When the ballot for private Members' Bills was subsequently held, he was fortunate enough to draw 20th place.

Mr Nuttall: I think that, in fact, my right hon. Friend was a little more successful: he was drawn fifth.

Mr Djanogly: I am very grateful for being put right on that point, so fifth place it was. My right hon. Friend could no doubt have chosen any one of numerous topics from his own extensive experience without consulting anyone, and I am sure that it would have been a topic well worth debating and, perhaps, legislating on. Instead, however, he decided to consult the Law Commission and ask whether any of its recommendations, as he said earlier, were suitable for a private Member's Bill and unimplemented. Those discussions led him to the commission's draft law reform (succession) Bill, which was published in the Commission's 2005 report, "The Forfeiture Rule and the Law of Succession".

The provisions of that draft Bill had, by the time my right hon. Friend was considering what to do with his place in the ballot, been published with minor modifications as part 3 of the draft Civil Law Reform Bill. Those provisions, which my right hon. Friend adjusted in the light of the response to the distribution of estates provision in the draft Civil Law Reform Bill, form the basis of the Bill that we are debating today.

As the Minister responsible for the general law of succession in England and Wales, and as a Minister in the Department that sponsors the Law Commission, I am doubly pleased to be able to announce the Government's support for this Bill on the law of succession; and I was pleased to hear from the hon. Member for Stoke-on-Trent South (Robert Flello) that the Opposition support the Government's position in that context.

My hon. Friend the Member for Christchurch asked why the commencement date is not three months after Royal Assent, and the simple answer is that that is to allow the professionals and others to prepare for commencement: there will be wills to be re-looked at and so forth. Before considering the substance of the Bill, I should like to record the Government's thanks to the Law Commission for its work on the forfeiture rule and the law of succession.

Law Commission Bills are by their nature likely, legally speaking, to be very technical, and this Bill is no exception. There is more to a law reform Bill than technical accomplishment, however; we have to be sure that it delivers the desired policy outcome effectively and efficiently. In that respect, the Bill has the additional advantage of having already in effect been carefully scrutinised by the Justice Committee. I know that my right hon. Friend the Member for East Yorkshire has paid careful attention to the Committee's conclusions, and I thank my right hon. Friend the Member for Berwick-upon-Tweed, who as Chairman of the Justice Committee considered the draft Civil Law Reform Bill and, I am delighted to say, has returned to that role in the current Session. I am also grateful to the other hon. Members who served on that Committee with him when they scrutinised the draft Civil Law Reform Bill.

My right hon. Friend the Member for Berwick-upon-Tweed, the hon. Member for Stoke-on-Trent South and my hon. Friend the Member for Bury North asked in different ways about the Law Commission's wider Bill and the Government's attitude to the commission. The Government are committed to ensuring that the law is modern, simple and accessible, and we hold the commission's work in high regard. I am confident that the measures flowing from the Law Commission Act 2009, both the protocol and the duty to report annually to Parliament, along with the new House of Lords procedure for Law Commission Bills, will help to improve the implementation rate of commission proposals. A higher rate of implementation will help to ensure more effective and accessible law, delivering better value for money as valuable Law Commission work is put to good use.

Five reports have been implemented or received Royal Assent over the past year: those on the rules against perpetuities and excessive accumulations, third parties' rights against insurers, trustee exemption clauses, on reforming bribery and parts of its murder, manslaughter and infanticide reports.

My hon. Friend the Member for Bury North also asked what we are doing about the wider Civil Law Reform Bill issues. Decisions not to take forward the Law Commission's excellent work are always difficult, and they are not taken lightly. It is a difficult time at the moment, and the Government have to be realistic about what they can achieve when there are other pressing priorities and a reduction in resources.

A great deal of the Law Commission's work requires primary legislation to implement it, and it is very difficult at present to secure parliamentary time for legislation that is not a high priority or that does not deliver significant financial savings. Deciding not to take forward the proposal in the Law Commission's reports on damages, personal injury, medical, nursing and other expenses, claims for wrongful death and pre-judgment interest on debts and damages, was not easy. However, in the current financial climate we need to focus our resources on delivering key priorities.

Having said that, I think that the new protocol on best practice between the Government and the Law Commission, agreed in March last year, should help. The protocol aims to ensure that the Law Commission takes forward only projects to which Departments are fully committed; that there is a close working relationship during the project; that the Law Commission produces impact assessments looking at the costs and benefits of proposals; and that Departments respond quickly once the Law Commission reports.

The Law Commission will soon be putting forward proposals for its 11th programme of work. That will be the first programme agreed in the light of the new protocol, and I am confident that it will assist in reducing delays both in responding to the Law Commission when proposals are accepted and in implementing them.

However, neither the Law Commission nor the Justice Committee could function as effectively as they do without the support of those who respond to consultations and calls for evidence. The experts who give freely of their time and experience are perhaps the unsung heroes of law reform work. It is invidious to single out organisations or individuals, but I note that the Law Society and the Bar Council replied not only to the Law Commission's 2003 consultation and the Ministry of Justice's 2009 consultation, but gave evidence to the Justice Committee in 2010.

I would like to thank all those who have replied to the Law Commission, the Committee and my own Department over the years. Unsurprisingly, the Bill does not reflect

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all their views, but I can assure them that their comments were all carefully considered and taken into account. I am confident that this Bill would command the support of the overwhelming majority of them.

I will now explain why the Government are supporting this Bill. Obviously, we are pleased that the Bill represents a return on the investment of public money in the Law Commission. The Government are committed to ensuring that the law is modern, simple and accessible. Usually, and properly, it is the Government who introduce Law Commission Bills; there is, however, no reason at all why the introduction of Law Commission Bills should be the preserve of the Government alone. Indeed, I would encourage hon. Members who in future years find themselves well placed in the ballot for private Members' Bills to consider whether they might imitate the example of my right hon. Friend and discuss with the Law Commission whether any of its Bills might be suitable for debate. My right hon. Friend has set a very good example, and I thank him for that.

However, more fundamentally, the Government support this Bill because it will make the law fairer. To understand what is wrong with the law, it is necessary to go back to 1994 when a certain individual was convicted of the murder of both his parents; various hon. Members have referred to the incident. He was described in the press as an "evil conman" and

"a grasping son who repaid his parents' lifelong devotion by bludgeoning them to death".

He duly received two life sentences, but it is not the monstrosity of his crimes that underlie the Bill before us today—rather, it is what happened to his parents' property, which was apparently worth more than £1 million and highlighted the problem with the law.

Apparently, the killer's parents had made it clear to their son that they would not provide for him on their deaths; they would provide only for his young son, their grandchild. To go back to the point made by my hon. Friend the Member for North East Somerset, if only they had made clear wills in favour of the grandchild, their apparent wish to support him would have been accomplished. However, no wills were found and their property was distributed according to the statutory intestacy rules.

Mr Denis MacShane (Rotherham) (Lab): On a point of order, Mr Deputy Speaker. We are being informed by television that Mr Andy Coulson, one of the most important figures in Her Majesty's Government and one of the Prime Minister's closest aides, is now resigning. As the House is sitting, I believe that it would be appropriate for the Prime Minister to come to the Commons, explain why that is happening and give the public the full details here in the House of Commons, rather than burying the news on a day when, frankly, an awful lot of other news is taking place. This is the Commons, where the Prime Minister should—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. That is not a point of order, as the right hon. Gentleman, who has long been a Member of the House, knows. The fact that a member of the Prime Minister's staff has resigned has nothing to do with the House.

Mr Knight: Further to that point of order, Mr Deputy Speaker. Perhaps you could reflect again on the point just made and perhaps we could have a joint statement, also including the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson), who also disappeared—

Mr Deputy Speaker: Order. Before we get carried away, I should say that that has absolutely nothing to do with the House. Neither of the points made is a point of order.

Mr Djanogly: I am delighted to pull the House back to the important issue of succession.

I was just saying that the property of the killer's parents was distributed according to the statutory intestacy rules. The intestacy rules are a default regime; they apply where a person has not exercised his or her right to make a will or to the extent that his or her will is not valid. Their aim is to safeguard the deceased person's family by providing for them from the deceased person's estate in a manner that is thought to mirror the wishes of the average person had he or she made a will.

Generally speaking, an intestate estate will pass to the surviving spouse or civil partner and the deceased's children first, but if the deceased is not survived by either of them, then other blood relatives of the deceased will inherit the estate in a strict order of priority set out in section 46 of the Administration of Estates Act 1925, as amended. I am not going to read out the rules, but if any hon. Members wishes to know more about them, I shall provide the information.

When there are no known eligible blood relatives to inherit, the estate is dealt with by the Treasury solicitor. On receiving the estate, the Treasury solicitor will make full inquiries into the estate and will advertise for eligible kin in the hope of distributing the estate. If there appear to be no eligible kin, or none can be traced, the estate becomes "bona vacantia" which means "ownerless goods" and it will pass to the Crown, the Duchy of Cornwall or the Duchy of Lancaster, depending on where in England or Wales the deceased lived.

When a minor inherits on intestacy, the property to which they will be entitled is held on trust. The terms of that trust are specified in the intestacy rules. Basically, the trustees will hold the property for the benefit of the child until he or she reaches the age of 18 or marries or enters a civil partnership under that age.

All that may seem relatively straightforward, and hon. Members could be forgiven for thinking that the grandchild in the DWS case would have inherited their property on reaching the age of 18, or marrying or forming a civil partnership before then, but there is a devil in the detail and, sadly, there was a family dispute that led to litigation. That culminated in the decision of the Court of Appeal in 2000 in the case Re DWS (Deceased). By that time, it was agreed that the son himself could not inherit because, as he had murdered his parents, the forfeiture rule prevented it. The forfeiture rule is a common law rule, applying the general rule of public policy that a person is not able to benefit from their wrongdoing. It is illustrated by the 1892 case of Cleaver *v.* Mutual Reserve Fund Life Association, when it was held that a person is not entitled to benefit from the estate of a person he or she has unlawfully killed.

A person who is convicted of the unlawful killing of another, or of aiding, abetting or counselling another to do so, is automatically disqualified from inheriting from his or her victim under the forfeiture rule. However, persons convicted of manslaughter or other offences less serious than murder may still be permitted relief to inherit the victim's property by the court under the Forfeiture Act 1982.

The question for the court in Re DWS (deceased) was who would receive the grandfather's property. Had the son died before his father, the property would have gone to the son's only child, who was aged only two at the time of the murder and was also the grandfather's only grandchild. However, the son—that is, the killer—was not dead, but merely disqualified from inheriting because of the operation of the forfeiture rule.

The relevant provision of the intestacy rules setting out the statutory trusts contained in the Administration of Estates Act 1925 provides that the grandchild will inherit only if his or her parent has already died. The court accordingly decided that the law did not allow the grandson to take the property. Instead, it was decided that the property would have to go to the estate of the dead grandfather's sister, who had also died by the time of the court case. Thus, in this situation, not only is the killer disqualified from inheriting, but so also are all the killer's direct descendants. The Court of Appeal expressed concern that this may have been an unforeseen and unintended consequence of the present intestacy rules.

In July 2003, the then Department for Constitutional Affairs, whose responsibilities in this regard have been assumed by the Ministry of Justice, asked the Law Commission to review the relationship between the forfeiture rule and the law of succession. The terms of reference were as follows: first, that in conjunction with its work on illegal transactions, the Law Commission should review the relationship between the forfeiture and intestacy rules; secondly, that the review should be carried out with reference to the difficulties highlighted in the case of Re DWS (deceased) and should explore ways the law might be reformed to prevent apparently unfair outcomes of this sort; and, thirdly, that the review should also consider any ancillary areas of succession law that might produce analogous outcomes—for example, disclaimer and attesting beneficiaries.

In October 2003, the Law Commission published a consultation paper, "The Forfeiture Rule and the Law of Succession", which considered the problem raised in Re DWS, and discussed whether a similar problem arose in other contexts. The consultation paper provisionally proposed that in cases such as Re DWS there should be a "deemed predecease" solution—that is, where a person forfeits a benefit on intestacy through having killed the deceased, the estate should be distributed as if the killer had died immediately before the deceased. The Law Commission also proposed that the deemed predecease rule should apply where a gift under a will fails because of the forfeiture rule.

Sir Alan Beith: It is perhaps worth placing on the record—the Committee specifically sought to inquire into this—that the deemed predeceased rule has no other legal effect. In other words, determining that someone is deceased for the purposes of inheritance does not affect any other legal provision or right relating to them.

Mr Djanogly: I thank my right hon. Friend for setting out that important point. If that were not the case, it could have serious knock-on effects for other cases.

The Law Commission received responses to the consultation paper from 31 individuals and organisations. Those included leading academics in the field of succession law; the Society of Legal Scholars, Property and Trusts Section; a number of individual judges, including Lord Justice Sedley, one of the members of the Court of Appeal who had heard the Re DWS case, whose response wholeheartedly endorsed the Law Commission's proposed solution; the Association of District Judges; specialist solicitors from leading firms; the Inland Revenue; the Bar Council; the Law Society; and the Chancery Bar Association. Most of the respondents agreed that the current law was unsatisfactory, that in Re DWS (deceased) the grandchild ought to have inherited, and that a "deemed predecease" rule would be the best way of achieving this.

The Chancery Bar Association must, however, be singled out for particular mention. It spotted that there was an analogous, albeit rare, circumstance, elsewhere in the law of intestacy, that should be addressed. This arises from the fact that where a child inherits from a parent or other relative on intestacy, that child's interest is held "contingently" on the statutory trusts under the intestacy rules.

In July 2005, the Law Commission's final report, "The Forfeiture Rule and the Law of Succession" was presented to Parliament. The report recommended that a "deemed predecease" solution should apply in three situations. First, where a person disclaims or forfeits the right to inherit from a person who has died intestate, the intestacy rules should then be applied as if the killer had died immediately before the intestate. Secondly, where a person disclaims or forfeits a benefit under a will, the will should be applied as if the killer had died immediately before the testator, unless the will contains a provision to the contrary. Thirdly, where a person loses a benefit under an intestacy by dying unmarried and a minor, but leaves children, the property should devolve as if that person had died immediately before the intestate. The Civil Law Reform Bill incorporated provisions to this effect, subject to minor modifications relating to the role of the public trustee, which for reasons I shall explain, need not concern us now.

I hope this explanation of the genesis of this Bill makes clear the problems that it is trying to address. The overall point is that in the three circumstances identified— forfeiture, disclaimer and the rights of the children of a minor heir on intestacy—the detail of the law does not produce the desired result. The general policy on intestacy is that once the interest of any spouse or civil partner has been satisfied, the property of the deceased should pass to closer blood relatives before more distant ones: the children of the deceased, for example, should be preferred to siblings of the deceased.

Where there is a valid will, the general policy of the law is that the wishes of the testator—the person who made the will—should determine who is to inherit what from the estate of the deceased. That gives effect to the principle of freedom of testamentary disposition, which lies at the heart of our succession law in England and Wales, and which was referred to by my right hon. Friend the Member for East Yorkshire and others.

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The effect of the Bill will therefore be to change the law in the three areas mentioned, so that it is consistent with the general policy of the law. First, as was highlighted in the 2001 Court of Appeal decision in Re DWS (deceased), where a person forfeits an inheritance on intestacy because he or she has killed the person from whom he or she would have inherited, his or her children will also be disinherited. The forfeiture rule thereby disinherits not only the criminal but also the innocent grandchildren of the victim.

This problem is not confined to intestacy. For example, where there is a will that contains a gift specifying who is to inherit, if the first named recipient dies before the testator and that recipient forfeits his or her inheritance, the default gift cannot take effect because the recipient is still alive. Similarly, if there is a will giving a gift to a child of the testator without any further provision, the law implies a term that the gift will pass to his or her children if he or she predeceases the testator. If the testator's child forfeits his inheritance, his or her children—the testator's grandchildren—will not be able to inherit.

The same problem arises in both testate and intestate successions where the person who would be first entitled disclaims the inheritance. Anyone claiming through him or her will not be able to inherit. Let me explain the term "disclaimer" as that was raised by my right hon. Friend the Member for East Yorkshire, and discussed further by my hon. Friends the Members for Christchurch and for North East Somerset in the context of disclaiming gifts under a will. There was a further question as to why this needed to be done.

A beneficiary is free to accept or disclaim—that is, refuse—a gift that has been left to him or her in a will. The unwanted gift will form part of the testator's residuary estate—the part of the estate remaining when all the specific gifts have been satisfied— unless, as is less usual, he or she has made a default gift in the event of a disclaimer. If the will does not make provision for the disposal of the estate, it will be distributed according to the intestacy rules.

My hon. Friend the Member for Christchurch went on to ask why that should be the case. Figures are not kept on the number of people who disclaim gifts in wills. However, in its consultation paper, "The Forfeiture Rule and the Law of Succession"—CP No. 172—the Law Commission commented that the usual reasons for disclaimer in will cases will either be to secure beneficial tax consequences or to enable the beneficiary to avoid inheriting onerous property such as a lease with repairing covenants. My hon. Friend then asked whether the disclaimer provision opens the way to evade inheritance tax. The answer is no, because in the example we have before us, the son could achieve the same results as a disclaimer under the Bill by varying the will or the intestacy rules. Deeds of variation can be used to vary the distribution of the estate for inheritance tax or capital gains tax purposes. That is only possible where all the original beneficiaries agree and the tax legislation permits it. These variations will often include disclaimers by some or all of the original beneficiaries, and the Bill simply enables the intended recipient to disclaim without thereby disinheriting anyone entitled to claim through him or her.

My hon. Friend the Member for North East Somerset then asked whether a disclaimer of inheritance can instead take the money and give it away. The answer is yes; the money would then be his or hers to do with as he or she wished, but he or she could not disclaim part of an inheritance, or having disclaimed, specify where the inheritance should go. That is for the deceased to say in a will or the intestacy rules, which act as a deemed will, if I can put it in those terms. So a beneficiary of an intestate estate is free to accept or disclaim the inheritance. When the disclaimer is a child of the deceased, the disclaimed interests passes to the child's siblings. Clauses 1 and 2 of the Bill address those issues.

There is the rather unusual situation, which was spotted by the Chancery Bar Association—I take my hat off to the assiduous lawyer who noticed this one—in which if a person under the age of 18 who is prospectively entitled to inherit property under the intestacy rules, perhaps from his or her parent, dies before reaching the age of majority, leaving children but without having married or entered a civil partnership, those children cannot inherit in place of their parent. Right hon. and hon. Members used several interesting possibilities to explain how that could be put into practice, but that happens because the parent did not reach the age of majority or marry or form a civil partnership under that age. In more legal language, the parent did not attain a vested interest. That anomalous outcome, rare as it might be, discriminates against those children.

Clause 3 addresses that issue. In all three cases, the Bill would solve the problems by deeming the person who loses the inheritance to have died before the person whose estate is being distributed. That means that on intestacy, the children of the person losing out will be able to inherit under the statutory intestacy rules and, if there is a will, that the actual or deemed wishes of the testator will prevail. In short, the aim of the Bill is to try to ensure that the "right" people inherit. The Government support that aim.

I shall comment on the differences between the Law Commission's draft Bill, published in 2005, and the equivalent provisions in the draft Civil Law Reform Bill, published in 2009. These issues were raised by my right hon. Friend the Member for Berwick-upon-Tweed, and my hon. Friend the Member for Christchurch touched on them, too. They largely derive from the comments of the Justice Committee and the people who gave evidence to it. Some of the changes are drafting changes, but others were more significant. The question arises of why they should have been left out of the Bill.

Although the Justice Committee welcomed the proposal to ensure that minors who inherit under the provision have their inheritance protected, several criticisms were made of the special trust advice chosen by the Law Commission to achieve that aim. On consideration of the responses to the consultation and the evidence to the Justice Committee, it has become clear that the special trust was unnecessary and would be problematic and expensive to operate. The existing law, which already imposes a trust and gives the court power to appoint alternative trustees and supervise those trusts, gives the property of minors adequate protection. We therefore believe that the Bill meets the concerns of the Justice Committee in that regard.

The Justice Committee welcomed the reforms and reached two conclusions. First, it stated:

> "We welcome this clause as ending the current rule which penalises the children or other heirs of a killer who are themselves not only entirely innocent but are the people whom the deceased

would probably have wanted to benefit from the estate in any event. We also welcome the proposal to ensure that minors who inherit under this provision have their inheritance protected."

Secondly, it pointed out:

"We recommend the Government to re-examine the drafting of clauses 15 to 17 in the light of the comments made by the Bar Council and the Law Society. We expect all minors to receive suitable protection under the bill. Equally, we share the Law Society's concern that nothing be done to impair the validity of existing wills."

The main difference, however, as my right hon. Friend the Member for Berwick-upon-Tweed pointed out, is that the earlier draft Bills contained specific provisions intended to ensure that in forfeiture cases the criminal was prevented from gaining any benefit from the inheritance that would, under the terms of the draft Bill, pass to his or her children. Those special trust provisions attracted a good deal of criticism from witnesses to the Justice Committee and people who replied to the Ministry of Justice's consultation on the draft Civil Law Reform Bill.

Two respondents—the Law Society and the Bar—considered that the safeguard provisions were not necessary because legislation already exists that would protect an infant beneficiary's inheritance in forfeiture cases if such protection were to be needed. Both referred to section 116 of the Senior Courts Act 1981, which provides the court with discretion to pass over any prior claims to a grant and appoint someone else if by reason of any special circumstances it appears necessary or expedient to do so.

The Bar also mentioned section 114(2) of the 1981 Act, which provides that wherever a minority interest arises under a will or on intestacy, a grant should be made to a trust corporation or to two individuals, unless it appears to the court to be expedient that there should be a sole personal representative.

The same two respondents also expressed concern about the limited application of the safeguard provisions, which is restricted to the infant children or more remote issue of the offender, and only then if, as the Bar noted, the infant inherits by virtue of the reform rather than under, for example, a default gift in a will. It considered that there may be cases where court intervention is needed to prevent potential abuse of the inheritance, where those inheriting are infants but are not directly related to the offender.

The Bar also objected to the width of the power of the court to allocate any property in which the infant had an interest to the trust, and it raised a fundamental concern about the workability of the provisions, where both the infant and the disqualified person would inevitably benefit from the trust property—for example, where the former matrimonial home was held under the trust, and the infant and the disqualified person were both living there.

The Bar concluded:

"On balance, we consider the provision"

to safeguard an infant after forfeiture

"to be unhelpful, and likely to lead to increased expense in the administration of estates in circumstances which are bound to be tragic but are otherwise unpredictable."

The Government have given particularly careful consideration to those comments, which we have discussed with the Law Commission and with Master Winegarten of the chancery division of the High Court, who was very critical of the special trust provisions. We agree with the Justice Committee that minors who inherit should have their inheritance protected and that all minors should have suitable protection under the Bill. However, it is clear from our more detailed consideration of how the special trust provisions would work that they are unnecessary, problematic and expensive to operate.

As my right hon. Friend the Member for Berwick-upon-Tweed pointed out, the Civil Law Reform Bill contained special trust provisions for children. He asked whether this Bill provides protection now that the special trust provisions have been taken out, an issue which I have dealt with. In our view, the existing law, which already imposes a trust to the benefit of minor children and gives the court power to supervise the administration of estates, gives effective and adequate protection.

Sir Alan Beith: My hon. Friend is giving a detailed analysis and providing fairly compelling reasons why the specific provisions involve many problems. However, it is not only the protection of the minor's inheritance that is at stake, but the maintenance of the principle that the person who has carried out the murder should not benefit from that murder, which might happen indirectly.

Mr Djanogly: I take my right hon. Friend's point. As we have discussed, I agree that there is the technical possibility of the murderer taking advantage, but it is far fetched. Indeed, my right hon. Friend has mentioned that that assumes that the murderer had a solid knowledge of the laws of succession, which would include the certain knowledge that they would spend many years in prison. As my right hon. Friend the Member for East Yorkshire pointed out, the Bill does not affect the forfeiture rule. In the light of the responses to the consultations by the Law Commission and the Ministry of Justice and the pre-legislative scrutiny by the Justice Committee of all those proposals, we do not believe that allowing a killer's children to inherit from the victim will encourage people to kill.

Sir Alan Beith: My hon. Friend has misunderstood my point, which does not concern the absurd issue of deterrence. Someone who has committed a murder—they may even be in prison—may be able to evade financial responsibilities as a result of the provisions. It is not far fetched that those who have committed murder would seek to gain some benefit from the money that would rightly pass to their children under such provisions.

Mr Djanogly: I thank my right hon. Friend for making that clear.

The Law Society also made an important point about the wording of the provisions in new section 33A(2) of the Wills Act 1837, which would be inserted by clause 2(1) of the Bill. Earlier draft Bills provided that where a person disclaims, or is disqualified by the operation of the forfeiture rule from inheriting under the deceased person's will, the will is to be construed as if that person had died immediately before the deceased, save in so far as there is any provision in the will about how the devise or bequest is to take effect. The Law Society thought that this "any provision" test was more demanding than the "unless a contrary intention appears by the will"

[Mr Djanogly]

test in other related statutory provisions, and the Bill now follows those other provisions. We hope that will provide consistency and simplicity.

We welcome my right hon. Friend the Member for East Yorkshire's decision to make the Bill consistent with the Wills Act and I should add, for completeness, that the Law Commission is content with the Bill in its present form. We are very grateful to the Justice Committee and its witnesses, particularly the Bar and the Law Society, for drawing attention to these matters. The approach in the Bill is the right one. This is a small but worthwhile piece of technical law reform produced by the Law Commission. I applaud my right hon. Friend for taking up this serious topic and I wish the Bill a fair passage through this House and the other place.

12.11 pm

Mr Knight: I shall be brief because I sense that the House now wants to hear from the hon. Member for Washington and Sunderland West (Mrs Hodgson).

I thank my ally, the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), and I am grateful for his support and the work that his Committee has undertaken. I am also grateful to him for agreeing to be a co-sponsor of the Bill. On the point that is still exercising him a little, I understand that the court does have power to appoint two trustees to take over an estate where they are concerned about a killer benefiting and where a minority interest arises. I hope that provision is sufficient.

I thank the hon. Member for Stoke-on-Trent South (Robert Flello) for reciprocating today the support that I recently gave to him for his private Member's Bill. My hon. Friend the Member for Bury North (Mr Nuttall) made a comprehensive and wide-ranging speech and I am grateful for his support, coming as it does from a former practising solicitor. The lesson that every member of the public should draw from the remarks of the Minister and my hon. Friend the Member for Bury North, and from all the cases associated with this area of law, is that it pays to make a well-drafted will. However, the Bill seeks to prevent injustice occurring where a well-drafted will is not in place. I thank the Minister. I am delighted to have the Government's support and I endorse all his remarks.

I shall not detain the House any longer except to say that what I seek to do is introduce a deemed, predeceased rule which means that a person who has killed the deceased person, a person who disclaims the inheritance and a person who dies a single parent under the age of 18 are all deemed to have died immediately before the deceased. The Bill will make the law fairer by removing technicalities that run contrary to the general policy of the law of succession. This is a complex area of law; I do not expect any publicity from the media about this Second Reading debate, but that does not matter to me. What matters is that the proposal is just, modest and, above all, fair. I commend it to the House.

Question put and agreed to.

Bill accordingly read a Second time; to stand committed to a Public Bill Committee (Standing Order No. 63).

Sale of Tickets (Sporting and Cultural Events) Bill

[Relevant documents: Second Report of the Select Committee on Culture, Media and Sport, Session 2007-08, on Ticket Touting, HC 202, and the Government response thereto, Cm 7436.]

Second Reading

12.14 pm

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): I beg to move, that the Bill be now read a Second time.

The reason for my bringing forward the Bill should be obvious to hon. Members who have turned up today, even those who have done so perhaps only to oppose it. To demonstrate the problem, I will paraphrase from an article in *The Times* of 25 September 2010. At 8.50 am, Rachel Still switched on her computer and waited. At 9 am precisely, tickets for a gig by Brandon Flowers in London were to go on sale. A few minutes before 9, Rachel logged on to the ticket website and began the repetitive formula for buying tickets. At 9.1 am she was told that the gig had sold out. Her friends told her that they had received the same message at 8.57 am, before the tickets were even officially released. Within minutes those same tickets were appearing on secondary websites at prices way above the £25 face value, the cheapest one being £74. A survey showed that of the 2,300 tickets sold, 616 were instantly re-advertised—more than a quarter. No doubt there would be more to follow closer to the date too, as it is common practice to drip-feed more tickets on to the market at a sufficiently slow pace to keep the prices high.

That situation plays out time and again in homes up and down the country—ordinary fans trying in vain to get tickets, only to find that they have sold out within minutes. The disappointment is then compounded when they see that the touts do not have the same problems as they do in finding large numbers of tickets. I know all this because it has happened to me and to my teenage children, and I know we are not alone.

When I first tabled the Bill, after the private Member's Bill ballot, the media attention prompted lots of people to write to me, expressing their support for action to tackle ticket touting. They ranged from academics to ordinary fans, and all had a story to tell. The story that stood out most prominently, though, was that—

Mr David Nuttall (Bury North) (Con): Will the hon. Lady give way?

Mrs Hodgson: Not at the moment. There will be plenty of chances for Government Members to speak. We have plenty of time, and I will give way when I have got further into the substance of my speech.

The story that stood out most prominently was that of a gentleman who used to work at a media event venue, which I will not name. He told me that it was common practice for the box office managers to cream off all the best seats to sell to touts at a mark-up of 50% before they even went on sale. Then, when the tills opened, they would simply put in the face value and issue a receipt for them all. I suspect security has improved since those days, but there is no doubt that

the levels of reward on offer and the lack of regulation mean that many tickets never even reach the legitimate market at face value.

Even the big players in the secondary market recognise that, from the consumer's perspective at least, there is a massive problem with this market. I quote Graham Burns, chairman of the Association of Secondary Ticket Agents, who said in a *Sunday Times* article in November:

"The ordinary fan is screwed. The decks are stacked against them. Try and buy a front-row seat at a bestselling concert at face value. It can't be done."

The aim of the Bill is to redress that balance—to give consumers back the power and to help event organisers choose how they want their tickets to be available and for how much.

While I initially approached the Bill from a fan's perspective, I quickly got a better picture of the industry's perspective as I met people who had got in touch about it, but I think the most strikingly unjustifiable part of the secondary market is the resale of charity tickets. Later in my speech I will go into some detail about the experience of the Teenage Cancer Trust, but I came across another, briefer example in *The Sunday Times*. Like the Minister's boss, I too am a fan of some of Rupert Murdoch's news output.

That example was the sale of Help for Heroes tickets. The gig was at Twickenham in September, and featured Robbie Williams, Gary Barlow and Tom Jones, who had freely given their time and names to support an incredibly worthy cause. Tickets for the event were being touted on secondary websites at an average of £106, despite the fact that the face value of an ordinary ticket was £46.75 and that the tickets clearly said on the back that they were not to be resold. The touts are earning more than the charity here, and if any hon. Member can convince me that that is right, I will happily withdraw my Bill and sit down.

Philip Davies (Shipley) (Con): I wonder who the hon. Lady sees as the victim. If a charity wants to sell tickets at £46 each and someone pays £46 each, the charity gets all the money that it expected to get. The fact that someone is prepared to pay more to someone else for that ticket does not take any money away from the charity. It still gets exactly the same amount as it bargained for when it sold the tickets. It makes no difference to its income whether the person who paid £46 for the ticket uses it or sells it on to someone else.

Mrs Hodgson: The charity does not get the whole £46. On average, with overheads and so on, charities reckon that they get about half the ticket money. The tout or whoever sells on the ticket, which clearly states on the back that it must not be resold, makes six or eight times more than the charity. The artists, who have given their time freely, intend that any money that comes on the back of their time and from the ticket should go to the charity. I find it quite shameful that the hon. Gentleman can say that such a practice is fair when the charity intends to help teenage victims of cancer. *[Interruption.]*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Hon. Members should work through the Chair, rather than talk across to each other.

Mrs Hodgson: Thank you, Mr Deputy Speaker.

Jacob Rees-Mogg (North East Somerset) (Con): I thank the hon. Lady for being both gracious and generous in giving way a second time so quickly. If the charity fails to sell its tickets for the market price, which is £106, that is its fault. It ought to investigate other ways to sell its tickets, such as eBay, to maximise its return, rather than our introducing a harsh legislative measure.

Mrs Hodgson: The charity decides on the price based on the genuine, ordinary fans whom it wishes to attract. It is often aware that the price is sometimes below the market value, but the reason is that it does not want to attract only people who can afford to pay £106. It wants to attract a broad cross-section of people. It does not just want elite people in the audiences at such events. I will give further examples in due course.

Ian Austin (Dudley North) (Lab): Does my hon. Friend share my surprise that Government Members support a system that excludes their constituents from having access to a free and open market, in which they can compete with other people to have proper access to tickets? Why does she think that they are in favour of their constituents not being able to buy tickets when they first go on sale?

Mrs Hodgson: That is an interesting point. Government Members have a lot of good arguments on the free market, but with regard to charity tickets, none of those arguments hold up. They should want such access for all their constituents, not just the ones who can afford to pay premium prices.

Philip Davies: Will the hon. Lady give way?

Mrs Hodgson: I would like to move on. I have a long speech, and I would like to get through the details.

I am, of course, aware that the issue has been considered on a number of occasions over the past five years. To be honest, the fact that it has been revisited so many times is testament to the fact that those who look at it keep coming to the wrong conclusions. Although I have read some of the contributions to the Culture, Media and Sport Committee's inquiry, I still cannot understand how it arrived at its conclusion. The Select Committee and the then Government both concluded that fans wanted a forum in which they could buy tickets closer to the date of an event or sell them if they could not make it. I absolutely agree with that statement, but I disagree that that conclusion should allow the secondary market to carry on unregulated.

The key thing that both the Government and the Select Committee missed is that consumers also want a fair chance to get tickets at face value, and they do not want to be ripped off. I have a quote from a letter that my right hon. Friend the Member for St Helens South and Whiston (Mr Woodward) sent in his capacity as the then Minister with responsibility for the creative industries in response to my hon. Friend the Member for Glasgow North West (John Robertson), who is not in his place today, when he was campaigning on the issue way back in 2007. My right hon. Friend said:

"While consumers want a secondary market, they do not want to be exploited by individuals or businesses at their personal expense."

[Mrs Hodgson]

But he then suggested that it was not in the public interest to legislate. I know my right hon. Friend the Member for St Helens South and Whiston; he is an intelligent man, so I can only think that once one becomes a Minister, there is sometimes a tendency to trust what the civil servants are saying a little too much.

Philip Davies: Will the hon. Lady give way?

Mrs Hodgson: No, I will not, if the hon. Gentleman does not mind.

Will the Minister tell us what his civil servants advised him ahead of this debate? I know my office provided them with advance sight of the Bill, so I hope they had enough time to come to a considered view. I look forward to hearing the Minister's response—if his colleagues allow him to get in.

Coming back to the point, the Bill does not aim to do away with the secondary market. It aims to make the secondary market work in the interests of genuine fans, by forcing out the people who are there simply to profit from the hard work, investment and creative talent of the live entertainment industry, a sector that I am sure the Minister will agree has become extremely valuable to the UK's economic vitality.

The role of the Government and of the House is to legislate in the public interest. The public interest does not lie in a few touts and the channels they sell through continuing to make obscene profits at the expense of the general event-going public and of the live entertainment industry. The public interest lies in the Government providing a statutory framework for the industry to use in the interests of fans where needed. That is exactly what the Bill provides for.

Before I come to the substance of the Bill and go through its various clauses, I take this opportunity to thank my fantastic and hard-working team who have helped me on my route to introducing the Bill to the House. In particular, I thank two people: Mike Forster, my researcher, who only started in August, so the Bill has been a huge part of his job; and David Hopper, previously my intern but now studying to be a solicitor, who did a lot of the groundwork behind the scenes on legislation around the world.

The Bill addresses the problem I laid out. It creates two new offences, but that is not the starting point. The starting point is the creation of a voluntary designation scheme under which those involved in putting on live entertainment events can apply for protection from the unauthorised resale of their tickets. If they apply for protection, it would be an offence for an unauthorised individual to be concerned in the sale of a ticket for that event at a price greater than 10% above face value. For such purposes, face value is the printed value plus any service charges levied by the appointed ticket agent.

Such an approach broadly follows that set out in the Queensland solution, of which hon. Members on the Select Committee on Culture, Media and Sport will be aware. In Queensland, tickets for any event held at certain major venues are subject to price caps on unauthorised resale. I want to broaden that provision out, because it would not touch a large part of the market, such as theatre or mid-sized and small gigs, which are just as lucrative for touts as stadium events—if not more so, because they occur on almost every night of the year in towns and cities throughout the country.

Clause 1 sets out how that system of designation could work. I am open to its refinement or to alternative suggestions from the Government or other hon. Members in Committee should the Bill be successfully voted through today.

Clause 2 sets out the offences, the first of which I have already mentioned. The second offence is the advertisement for sale and taking of payment for tickets that have not yet been released by the primary retailer. The issue is separate from that of the secondary market, coming as it does before even the primary market. Websites spring up offering concert tickets—a recent example is the Take That tour—that the person running the site obviously does not even have. It is a risk-free business, because the person gets a lump sum of cash to buy as many tickets as possible to satisfy the orders, and simply refunds any orders that cannot be satisfied. In some cases, such sites have simply not delivered the tickets and done a bunk with the money. Other laws cover such activities, but why is it still legal for those sites to offer tickets that they do not have, at the risk of many consumers being left short-changed and without tickets?

Clause 2 sets out the sanctions for the offences, which include a fine up to the level 5 limit on the standard scale. There was a case for going higher than that, as for many major operators, £5,000 represents a drop in the ocean of their business.

Lyn Brown (West Ham) (Lab): As my hon. Friend knows, I am particularly concerned about the issue of ticket touts and the Olympic games. I do not feel that £5,000 is enough of a fine to deter unscrupulous touts. Does she agree?

Mrs Hodgson: I certainly do, and I shall come on to the Olympic games shortly. One of my suggestions is that we work with the Metropolitan police unit set up to tackle the issue. I am sure that my hon. Friend will meet it in the course of her work as a local MP. That unit also feels that £5,000 is nowhere near a big enough deterrent. There are measures in place, which I will come to in due course, but perhaps my hon. Friend will intervene on me again if I do not cover her point in detail.

I want to state explicitly that for the worst cases, the confiscation, under section 70 of the Proceeds of Crime Act 2002, of assets and cash thought to have been garnered through this activity should be considered. Clause 3 assumes an exemption from the limitations where the proceeds of an auctioned ticket are to be used for, or donated to, charitable purposes. Any exploitation of that assumption would obviously be investigable under the Charities Act 1993.

Philip Davies: The hon. Lady talks about her constituents and mine being exploited by ticket touts, but does she not accept that one of the worst exploitations in the whole ticketing market is carried out by promoters who sell tickets and then refuse to exchange them or give refunds? Somebody who buys a ticket and then finds that they cannot go to the event may not get a refund. In the secondary market, viagogo has a viagogo guarantee: if anything goes wrong, it guarantees people their money back. Surely that is giving people a better service than the primary ticket market does.

Mrs Hodgson: I shall come to that point, too; I shall mention that I encourage primary sellers to offer a refund service within a certain period—a cooling-off period, as it were. A lot of other online purchases are covered by these periods—a certain amount of time in which purchases can be returned. I met Rugby Football Union representatives, and that body accepts returns of all its tickets; the same is true of most tickets from the All England Lawn Tennis Club for Wimbledon finals. Most of these places will happily accept the tickets back and give a full refund, because they know that the tickets are highly sought after. *[Interruption.]* Not all are, but some key tickets are accepted back; the Minister is nodding.

Philip Davies: Some.

Mrs Hodgson: Some are, and later in my speech I shall say that as part of the legislation, there could be discussions with primary ticket sellers and event organisers about ensuring that they offer a refund facility.

Let me come back to the clauses of the Bill. Clause 4 relates to the sale of tickets on the internet by touts. It is not my intention to require the active monitoring of adverts placed on websites by sites' administrators; after all, the practicalities involved would be prohibitive. However, where that monitoring is done, either by the event organisers or the police, the Bill places a duty on the administrators of those websites to take down in a timely manner any adverts thought to be in contravention of clause 1—that is what will happen with regard to Olympic tickets—and to co-operate with any investigations of touts who have been using their services. Again, failure to comply would incur a fine up to the level 5 maximum.

Clause 5 places a duty on the Secretary of State to consult the industry on two things. The first is the establishment of a voluntary code, under which primary ticket agents would offer refunds on tickets within a certain time frame, just as other internet retailers are subject to distance-selling regulations; that exactly covers the point mentioned by the hon. Member for Shipley (Philip Davies), who is now not listening to the debate. Secondly, the Secretary of State should consult the industry on whether the creation of an official ticket exchange facility would be beneficial for consumers—both those who have spare tickets to sell, and those who want them. Primary agents and sites through which the secondary market operates would be happy to engage in that process and work towards creating a fairer marketplace for fans. The remaining clauses relate to interpretation provisions and the commencement and jurisdiction of the Bill, and require no explanation.

The House will be interested to learn that, in drafting the Bill, I consulted officers from Operation Podium extensively, and I thank them for their input. Members with an interest in preparations for the Olympic games—my hon. Friend the Member for West Ham (Lyn Brown) has such an interest as a constituency MP—may be aware that Operation Podium is being carried out by a team in the Metropolitan police dedicated to tackling crime associated with the games. Half of that taskforce is concerned primarily with working with Olympic organisers and the industry to tackle touting of Olympics tickets under the powers set out in section 31 of the London Olympic Games and Paralympic Games Act 2006, which builds on provisions relating to football tickets in section 166 of the Criminal Justice and Public Order Act 1994. The 2006 Act decrees that no reselling may take place by unauthorised retailers, and sets up a ticket exchange facility whereby genuine fans can sell tickets on to other fans at face value. That is the ideal model, and could easily be replicated if the political will was there.

Officers from Operation Podium told me that the secondary market is estimated to be worth up to £1 billion a year—money that is not being used to support grass-roots sports, artists or investors in live entertainment. Much of it will not go to the Treasury, save for a bit of VAT on charges levied by the websites that the touts use. They also told me that as the previous Government and the then Select Committee on Culture, Media and Sport had effectively given the measure the green light, it has been increasingly exploited by organised criminal networks, both UK-based and international, as a result of the vast sums of money on offer. The implication is that a large portion of that estimated £1 billion is being used to bankroll other crimes, such as drugs, trafficking, money laundering and so on. Tackling touting would therefore choke off a stream of income for those networks, which is just one reason for the measure that has been suggested to me since I began work on it.

The Minister for Sport and the Olympics (Hugh Robertson): I looked at this issue carefully when we were in opposition. It was alleged that ticket touting was used as a means to launder the proceeds of crime. I specifically asked the Metropolitan police about that about 18 months ago, when the then Select Committee and the previous Government were looking at it, and they said that there was no firm evidence to support that allegation. If the hon. Lady has that evidence, I urge her to bring it forward.

Mrs Hodgson: I certainly will do so, and I will pass on all the correspondence that I have received from the senior Operation Podium officer. I do not think he would want me to name him on the Floor of the House, but he has met officials from the Home Office—I know that that is not the Minister's Department—to discuss the issue. I am sure he would be delighted to meet the Minister and explain how things have moved on quite considerably since the then Government and Select Committee looked at them. I have used the term "green light". The decision that my Government, and the cross-party Select Committee made was seen as a green light to the criminal fraternity to begin to exploit the whole market. I am sure that the officer would meet the Minister in a flash, because the police need to get the situation right before the Olympic tickets go on sale in March. He would be thrilled to know that the Minister wanted to meet him.

Given the large amounts of money that could be made on premium tickets for major finals, the police do not believe that the sanction for individuals caught touting tickets for the Olympics—a level 5 fine, as I mentioned—is a sufficient deterrent. As I said, many people would regard it as just an occupational hazard, pay the fine and carry on straight away selling more tickets. That issue is addressed by clause 2(6), which emphasises prosecutors' ability to consider whether the case should be looked at by a Crown court under

[Mrs Hodgson]

section 70 of the Proceeds of Crime Act 2002, so that touts know that £5,000 is not the absolute maximum that they can be fined.

Mr Nuttall: Is the hon. Lady saying that she has decided to restrict the offence to level 5 because of an order under the Proceeds of Crime Act? Why not a higher level?

Mrs Hodgson: It could be higher, but a level 5 offence is laid down in the Olympics legislation, which I have used as the basis for the legislative framework of the Bill. It was deemed an appropriate level. However, as I said, officers at Operation Podium have said they do not consider that strong enough. They would like to talk to Ministers about the current legislation and the possibility of extending it to other entertainment industries, such as those I am speaking about.

Officers have also pointed out that the mainstream secondary marketplace—the websites that consumers tend to trust, such as viagogo, Get Me In! and eBay, as we have just heard—do not prevent professional touts from selling on their websites. A member of the public contacted me on Twitter when they heard about the Bill to say that they had once received an e-mail which was obviously intended for regular sellers on one of those sites, recommending that they buy tickets for certain events from the primary retailer purely in order to sell them on through such a site.

Whether that is true I cannot be certain, but there seems no reason for that person to lie to me. If it is true, it shows that at least one of those websites actively encourages touting and sees itself more as a broker than as a fan-to-fan exchange. Many of these organisations now call themselves ticket brokers. viagogo is the only one of those sites to get in touch with me about the Bill. Unfortunately I was not able to meet its representatives, but a member of my office, Mike Forster, did. They told him that a majority of their sellers sell fewer than six tickets a year so could not be considered big operators.

That is fair enough, but I still question whether a person selling tickets to six events a year is doing so as a genuine fan who cannot go to those events. Perhaps some of them might have been unlucky, and things seem to crop up whenever they buy tickets for a gig, but I would hazard that many of them are simply amateur touts without the time and infrastructure enjoyed by some of the bigger operators. That leaves the rest of the traders who are selling tickets to more than six events a year—there can be little doubt that those people are doing it as a deliberate money-making exercise, rather than just disposing of surplus tickets.

The police officers I met also raised the issue of how some of the big operators acquire so many tickets. What they said echoed some of the reading that I have done on the subject. The more IT-literate Members among us will know what I mean by a botnet. For those who do not, it is a network of computers—maybe the ones that we all have at home—which have been infected by a virus that allows the originator of that virus to control the terminal. It is a valuable commodity for hackers. Sometimes they are hired to carry out denial of service attacks on websites, and direct so much traffic to a particular website that it buckles under the strain. Members may remember that an anonymous group used this tactic to bring down sites such as PayPal and MasterCard after these withdrew their services to the WikiLeaks website just before Christmas.

The same method can be used in conjunction with numerous credit cards and bank accounts to evade the systems that primary retailers have put in place to stop one person buying up lots of tickets. I read an article on the technology news website The Register in November, which chronicled the case of a gang of touts in the US using Bulgarian hackers to buy scores of tickets automatically to gigs such as Bruce Springsteen, as well as Broadway musicals and major league baseball games. They were eventually indicted on charges of hacking, but by that time they had been operating for seven years, selling an estimated 1.5 million tickets, earning them $25 million. That is not small change.

This practice is of course illegal, but the vast profits to be made mean that it is an attractive and simple way for professional touts to do business, and it is very difficult to detect amid the usual high levels of traffic that a primary ticketing website gets when it first releases tickets for a major event. That illustrates that fans and touts are not competing on a level playing field when buying tickets, which is why such large numbers of tickets reappear almost instantly on the secondary market. That also illustrates why it is difficult for primary ticketers to take the lead in preventing touting. They already do a lot that they should not have to do, such as limiting the number of tickets that can be bought in one go and using word-recognition software, but the problem keeps getting worse. If computer whizz kids can hack into the Pentagon and GCHQ, finding a way around security on a ticket website is child's play.

Those involved in Operation Podium have welcomed the Bill and see it as a necessary measure to tackle the criminal and organised elements that dominate the secondary market. They know that it can be policed—a point that I am sure Government Members are ready to bring up—because they are policing it now in preparation for Olympics tickets going on sale. They know that they can police it across borders because they are doing so now. The Olympics legislation does not limit jurisdiction to processes that happen solely on British soil, because the internet allows people to get around that easily. The Bill will follow that precedent. Those working in Operation Podium know that this is the right way to go, and I hope that their professional judgement will be taken into account by the Members.

Philip Davies: Does the hon. Lady not see that there is a potential problem with restricting the resale value to just 10% of the original ticket price? It is much easier to manage that on the internet than to do so for touts standing outside stadiums. There is no way to tell how much people in a local pub might have sold a ticket on for, so that the safeguards of the secondary market on the internet would be lost as the tickets were resold. We are not going to get rid of the secondary market—like prostitution, it will always be there—but it will just shift from the internet to the street, where there will be fewer safeguards for the purchaser.

Mrs Hodgson: As the hon. Gentleman says, we cannot get rid of the secondary market, just as we cannot stop people selling stolen goods, but because legislation says that receiving stolen goods is illegal, the vast majority of the general public do not participate in such activity.

Once legislation makes it clear what is allowed and what is an underground activity, public opinion and hearts and minds will change. That will happen with the Olympics tickets and the Bill.

The hon. Gentleman suggested that 10% is not fair, but the tickets for the Olympics will have no mark-up at all. They can be refunded through the Olympics authorities, in which case they will go to a fan on a waiting list and no mark-up will be allowed at all. The Bill recognises that there are sometimes other associated costs, such as postage or credit card fees, which is why it would allow the 10% level, which is what Queensland permits, too. If we were right to do that for the Olympics tickets, I cannot see why it is not the right thing to do for other ticketed events.

Sajid Javid (Bromsgrove) (Con): I am intrigued to know why the hon. Lady selected 10%, rather than 20%, 30% or 40%.

Mrs Hodgson: We had a long debate about that, and 10% was deemed to be sufficiently small that there would be no profit. The people we are talking about buy huge numbers of tickets, and I am sure that the hon. Gentleman can work out that the bigger the percentage, the more lucrative it is for the number of tickets they buy up. Keeping the percentage small restricts the amount of extra money they can make on top and so removes the incentive for touts to participate in that activity.

I must return to the substance of my speech, if hon. Members will allow me. The Bill also has wide-ranging support from the live entertainment industry. The hon. Member for Hove (Mike Weatherley) and I met several people involved in the business last night. In particular, I spoke to Ron Smallwood—the manger of Iron Maiden, no less—who has been trying to push the matter up the agenda for many years. He said:

"When Iron Maiden tickets went on sale late last year for an extensive arena tour of the UK this coming summer, thousands upon thousands of tickets at much higher average price than face value appeared across these secondary sites within days... Do they really expect us to believe that even a small number of these were bought by people who suddenly – the day after they bought the ticket – found they couldn't go to a concert some 9 months away?... This is one story of many...it is sheer piracy and must be stopped to protect the real fans and the performers."

Last night I also met the manager of the Arctic Monkeys, Ian McAndrew—

Philip Davies: Name-dropper!

Mrs Hodgson: I know. It was very enjoyable, and Mr McAndrew, who welcomed the Bill, summed up the situation succinctly, saying:

"Ticket touting is a substantial and thriving parasitical economy, which exploits both music fans and those stakeholders who are investing in putting on live entertainment."

I could not have come up with a better soundbite myself, and I like to think that I am a fully fledged politician.

I have also been working extensively with the Sport and Recreation Alliance, formerly known as the Central Council for Physical Recreation, because the issue affects sport as much as, if not more than, musicians and other artistes, and I thank Dom Goggins and James MacDougall for their help in putting the Bill together. For those Members who do not know, the Sport and Recreation Alliance is the umbrella organisation representing the national governing and representative bodies of sports in the UK, including the Football Association, the Rugby Football Union, UK Athletics, the Ramblers and the Royal Academy of Dance.

Touting mainly affects the big sporting showpieces, such as international games and tournament finals, which national governing bodies run, investing any surplus they make in promoting grass-roots and associated programmes that are aimed, in particular, at increasing participation and instilling healthy lifestyles among school-age children. Such bodies want those children to be able to experience top-class sport, like most live events, with their families, and that is why—to respond again to the hon. Member for North East Somerset (Jacob Rees-Mogg) and his point about the market price—they set the majority of their ticket prices artificially low.

Philip Davies: I am very interested to hear the hon. Lady say that sporting bodies set their tickets at ordinary prices that fans can afford. Does she not accept, as it emerged a couple of years ago, that the Rugby Football Union did not put any tickets at all on sale to the general public for the Six Nations matches? For someone who was not part of a local rugby club or one of the sponsors, there were no tickets available. There were no tickets for ordinary rugby fans to buy on the open market. That is hardly delivering much of a service to genuine fans.

Mrs Hodgson: I contest that point, because the reverse is true. That body would have released tickets to clubs throughout the country, and they are full of genuine fans—and full of genuine fans who participate in the sport. So that does give people the chance to access tickets and gives kids who play the sport the chance to watch their heroes, without the tickets going on to the open market, where the touts buy them up and sell them on to the highest bidder.

Ian Austin: Is my hon. Friend as perplexed as I am why Government Members would rather see touts buy up tickets in bulk, excluding ordinary fans from the market, than see those tickets available to ordinary fans through clubs? Is that not bizarre?

Mrs Hodgson: It is bizarre—but not surprising. I know that not all Government Members will agree, and if any who do not would like to intervene I shall be more than happy to give way.

Mike Weatherley (Hove) (Con): Does the hon. Lady agree that what my hon. Friend the Member for Shipley (Philip Davies) just said reinforces the point that those who have the creative talent should be the ones who utilise the tickets in such situations? That is an exact example of our point regarding ticket touts: the person who provides the creative talent should have some control over who goes to watch such events. I am grateful to my hon. Friend for making that point on our behalf.

Mrs Hodgson: Definitely. I do not think that the hon. Member for Shipley (Philip Davies) quite realised he was helping our cause when he made that intervention, but I thank him for doing so.

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The situation to which I referred opens up the market to touts. They buy tickets at the low price that the governing body has decided to sell them at, and by selling them on at a profit they deprive fans of lesser means of the opportunity to enjoy top-class sport.

Sarah Newton (Truro and Falmouth) (Con): Does the hon. Lady agree that in this House we sometimes struggle to find issues of relevance to young people and their families? Here we have an issue that is incredibly important to teenagers who are passionately involved in sport, which we hear many Members applauding and wanting to promote. Those interested in the creative industries are also relevant. Is it not vital that we listen to and encourage those young people and reflect their concerns in the legislation that we make in the House?

Mrs Hodgson: Definitely; I certainly agree. I am so grateful for that intervention. If the hon. Lady wants to make any further interventions, so that it is not just my voice that everybody hears today, I would be grateful.

Faced with this situation, it would be no surprise if sports simply put up their prices to squeeze the touts out, but they do not want to do that—and as we have heard, we do not want them to do that and teenagers do not want them to do that. Sports need to create a sustainable level of interest, and pricing the vast majority of families out of top events would certainly negate that ambition.

What sports want is to be protected by a regulatory scheme such as the one set out in the Bill. Only the sports that experience problems with touts would opt in to be covered. That would mean that it would not be the overarching, top-down imposition on the industry that some Government Members may try to argue it is. It would mean the Government doing what the Government should do: stepping into the market when they are needed to ensure that it operates in the best interests of the majority, especially of young people.

Tim Lamb, chief executive of the Sport and Recreation Alliance, summed up the position from the perspective of the sports that he represents. He said:

"Ticket touts are simply exploiting sport and their gain is everyone else's loss."

He could not be more right. I have also had positive feedback from Festival Republic, best known for putting on the Reading and Leeds festivals every August, which has been campaigning prominently on this issue for years, and from See Tickets, a major primary ticket agent. See has worked with the organisers of the Glastonbury festival to ensure that passes for the festival are impossible to sell on, by requiring pre-registration and photographs of the ticket holder to be printed on the ticket. That is effective, but completely impractical for the vast majority of live events and not something that organisers should have to invest in.

The interesting thing about See is that it has nothing to gain from the Bill. It gets paid for selling tickets, whether to touts or genuine fans, yet it still sees the huge unfairness in how the secondary market has developed. Rob Wilmshurst, See's chief executive, said:

"The live entertainment industry provides cultural and economic benefit to the UK and needs support. Ignoring this issue again will further diminish customer trust in the market and therefore the contribution the industry makes in general to the country."

Again, that is an insightful comment from someone who knows the industry better than any of us in the Chamber, as has been the case with all the feedback that I have relayed to hon. Members today. If those figures and their peers support the Bill or any action to make the situation fairer, it is incumbent on the Government to listen to those calls and at least re-examine the impact that the secondary market is having on live entertainment.

Simon Davies, chief executive of the Teenage Cancer Trust, was also at the meeting that I had last night. I also met him and his team late last year to discuss the Bill. I put on the record my sincere thanks to them for their support and input into the process. For those Members who are unaware of the work done by the Teenage Cancer Trust or who think that it is fair for touts to take money away from such work, I shall explain. The trust funds and builds specialist units in the NHS that cater for the specific needs of young people and teenagers who suffer from cancer, bringing them together so that they can socialise with and support each other through the most difficult time that one could ever imagine. On top of that, the trust funds a network of teenage cancer specialists and nurse consultants, to pool knowledge and expertise and provide tailored support to the young people. I am sure that all hon. Members would agree that it is an exceptionally worthy cause.

Philip Davies: May I intervene on that very point?

Mrs Hodgson: I shall be interested to see how the hon. Gentleman is going to explain his opposition to that.

Philip Davies: The hon. Lady talks about the Teenage Cancer Trust, but as she is probably aware from her research, where tickets are sold for a charity event and the charity contacts a company such as eBay to point out how much money is going to the charity, it can request that eBay insists that the seller passes at least 20% of the profit back to the charity. The Teenage Cancer Trust is one charity that has done that with eBay, gaining a kick-back and an increase in its income from the secondary market—more than it would have done if the tickets had simply been sold on the primary market.

Mrs Hodgson: They should not necessarily have to raise that issue with eBay to get the money back. What is more, the charity told me last night that it does not want venues to be full of people who can afford to pay the prices that the touts charge for tickets. That is not the purpose. It wants genuine fans to come along—not venues full of elites, paying hundreds and hundreds of pounds.

Mr Nuttall: Will the hon. Lady give way?

Mrs Hodgson: No, I am going to carry on.

A large part of the fundraising activities to support the trust's wonderful work is the running of a series of live entertainment events at the Royal Albert hall, featuring major artists and comedians who give their time for free to support the trust. Last summer, in its 10th year at the

Royal Albert hall, it put on nine spectacular gigs featuring Suede, the Who, Noel Gallagher, the Arctic Monkeys, Jimmy Carr and Noel Fielding. As a big fan of talent TV shows, I would particularly have enjoyed seeing JLS, Diana Vickers and Lemar perform on the same night. I see that some Conservative Members are looking confused about some of these names. If they see me afterwards, I will certainly explain any pop culture references that they do not get. I might even be able to put together a compilation CD for them.

All these artists freely give their time—as well as that of their support crew—their energy and their talent to support what they view as a worthy cause, but it is not simply a case of artists giving up a night off. Doing a gig in London lessens demand for any other gigs in London that they might have planned close to that date. It could be that they cannot perform in London again for a few weeks or even months, so their participation is a genuine expression of their desire to help the cause. These big names could easily have done other things to earn money on the night they performed. The very fact that they are involved means that demand for tickets is huge.

Even though the Teenage Cancer Trust knows that demand for its events could allow it to sell the tickets at a higher price, it wants the events to be affordable to the average fan. As at almost all live entertainment events, tickets are sold at a price below what the market will bear, because organisers recognise the fact that the sustainable approach to putting on live events is to allow as many genuine fans as possible—and especially as many young people as possible—to attend. Quite apart from any moral or ethical consideration, that makes good business sense, building a long-lasting relationship with fans, which could not be achieved if they felt that they were being ripped off or could not even begin to get on the first rung of the ladder.

Regular-priced tickets to extraordinary events run by the Teenage Cancer Trust are put on sale with all the standard technological measures in place to combat touts. Like all other big events, they sell out in the space of a morning—sometimes in an hour or two. On the same day, without fail, hundreds of those tickets reappear on secondary websites at massive mark-up prices—well over double their face value.

Sajid Javid: Will the hon. Lady give way?

Mrs Hodgson: No, I am going to carry on.

Assuming that about half the face value of the ticket represents the profit that the Teenage Cancer Trust makes on these events—by profit, I mean, of course, the money that goes to help young cancer sufferers—we can conclude that a tout selling for double the face value is making double the amount that the charity is making. Double face value, of course, is a conservative estimate. That price might be got by buying from a tout outside, part way through the gig, but anyone buying through internet channels either just after the tickets go on sale or just before the gig would be extremely lucky to get one for just double the price. Simon Davies said last night that some of the premium tickets went for four times their face value, meaning that the tout got six times the amount raised by the charity.

Do hon. Members really think that a situation in which private touts can earn more than the charity is satisfactory? Do they really think it right for individuals to be able to exploit the demand created by freely given hard work, the good will of a charity and the selfless giving of artists? I do not, and I would be interested to learn whether any hon. Members can intervene to explain why that is right, other than by just repeating what they have already said, which is, "It's the free market."

On that basis alone, I ask any hon. Members who have turned up to talk out the Bill with frivolous and self-indulgent speeches to think again.

Philip Davies: Speak for yourself!

Mrs Hodgson: I do not think that I am making a frivolous or a self-indulgent speech.

I ask such Members whether any of them have talked to their constituents about their intention to block this Bill. If they have, I would be interested to know what they heard. If they spent their Fridays out and about meeting their constituents, rather than habitually causing parliamentary mischief, they might have a better idea of what their constituents sent them to Parliament to do.

Philip Davies: I commend the hon. Lady for leading with her chin on that particular point, because all the surveys carried out on this issue fly in the face of what she thinks. I do not know whether her constituents are a rare breed compared with the rest of the country, but in an ICM poll of 1,000 people, 86% agreed that if they have a ticket to a sporting event, concert or other event, then they should be allowed to resell it. It is therefore the hon. Lady who is flying in the face of public opinion, not me.

Mrs Hodgson: My Bill would not stop them from being able to resell a ticket. My Bill would allow them to resell that ticket if they have genuinely bought it and genuinely cannot go to that gig or other event, and it would even allow them to resell it with a 10% mark-up for their trouble.

To bring my speech to a conclusion, my Bill sets out a blueprint for addressing the pernicious issue of ticket resale.

Graham Jones (Hyndburn) (Lab): Will my hon. Friend give way?

Mrs Hodgson: I would love to give way to my hon. Friend.

Graham Jones: I have wanted to make the following point for quite a while. There is a tax revenue issue in respect of secondary selling that needs to be addressed. A lot of the people concerned are operating in the black economy, making substantial amounts of money. The secondary market needs to be dealt with; we need to do something about it. Some of these people can be very friendly, but they are making an awful lot of money, and I make the assumption that certainly those who sell tickets outside venues do not pay any tax; rather, they are simply operating for themselves, cash in hand.

Mrs Hodgson: I thank my hon. Friend for raising that point. I did not address it at length, although I did touch on the fact that the Exchequer was not receiving any revenue from this billion-pound industry, apart from a small amount of VAT that some of the exchange

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sites levy. Every working person in the country has to pay tax through Pay-as-you-earn, but these touts, some of whom are making huge sums of money, are certainly not paying any of it.

Sajid Javid: Will the hon. Lady give way?

Mrs Hodgson: I will not. I suspect that the hon. Gentleman might want to say, "Therefore, we should regulate touting and get these people to offer to pay pay-as-you-earn on their income."

Sajid Javid *rose—*

Mrs Hodgson: I will give way to the hon. Gentleman, in order to hear what he has to say.

Sajid Javid: I thank the hon. Lady for being so generous with her time and giving way for a second time. First, I want to say that this is the first Friday on which I have turned up. I am not going to make a habit of it, but I am very glad that I am present today, because the hon. Lady has made this a very exciting afternoon, whereas I was a bit worried that I might have been bored.

I want to say what my constituents might think of this proposal. I think they would believe that if they have genuinely and honestly come by a ticket and they wish to sell it, Government should impose no restrictions on what price they can sell it for, and on how they can sell it.

Mrs Hodgson: Well, such restrictions are law of this land now; that is what will happen for Olympics tickets. Someone who buys an Olympics ticket will not be able to sell it on for however much they choose, even though it is theirs. The Government have decided that those are premium tickets which are so desirable that they cannot just go to the highest bidder, and that instead they must be redistributed. A precedent has already been set, therefore.

Hugh Robertson: On a matter of fact, for a small number of major international tournaments it is a requirement of the bid that ticket touting is outlawed. For the Olympics, it is an International Olympic Committee regulation that has to be agreed to as part of the bidding. I am pretty sure, although we have not bid formally for a cricket world cup, that the same regulations would apply to an International Cricket Council 50-over cricket world cup. The same applies to football competitions, but that is for reasons of security, not ticket touting.

Mrs Hodgson: I thank the Minister for that clarification. If the IOC made that stipulation, it will have been for very good reasons. I sincerely hope that Members and the Government will consider those reasons, because they are as valid for the IOC as they are for this great country of ours.

We should remove the financial incentive that drives the activities of the major operators and give the police a way to go after those whom they suspect are involved in other criminality. The Bill is sufficiently light touch, I believe, not to harm any promoter, artist or other investor who does not wish their event to be covered. If they do not opt in to the scheme, or if they come to a commercial arrangement with a secondary retailer, the fans will know that that is an active decision. Nobody will be forced to opt in and have such regulation covering an event. If a commercial arrangement with a secondary retailer were made, at least some of the mark-up would go back to the artists or the sport.

Graham Jones: When it says on a ticket that it is not transferrable, can that be enforced in law? If that is the case, are the Conservative Members who have spoken encouraging people to break the law? The tickets that I buy pretty much always say, "This is not transferable." Can my hon. Friend clarify?

Mrs Hodgson: As far as I am aware, tickets for the major charity events all have on them "not to be resold" or "not for resale". Some will say that they are non-transferable. Yes, such people probably are breaking the law—certainly in the case of charity tickets—but there is no mechanism for bringing them to book.

Philip Davies: Will the hon. Lady give way for a helpful point?

Mrs Hodgson: Oh, a helpful point.

Philip Davies: The hon. Member for Hyndburn (Graham Jones) has made a fair point. Some tickets do say that they are non-transferable and it is for those promoters, if they wish, to take to court anybody who they find in breach of that to enforce the non-transferable status. The hon. Lady and the hon. Gentleman might want to reflect on the reluctance of promoters to do so. They might discover that that reluctance is born out of the fact that a court would probably find such an approach to be a restriction in trade and that the term "non-transferable" was not enforceable.

Mrs Hodgson: That would be because there is no legislation on the statute book to say that that is a criminal offence. That is why people feel that they are powerless, and they are looking to us to do something about it.

Of course, I would prefer a blanket ban, like the one for Olympics tickets, but having consulted as widely as possible, I accept that it should be for individual stakeholders in the sector to decide how they want their tickets to be sold. I accept that there is a role for a secondary market, but that secondary market must operate in the interests of fans, not touts. Should the Bill go into Committee, I would be more than happy to talk to the Government about whether a different approach might work better. After all, the Minister has vast resources and scores of able minds, including his own, at his disposal. I am certainly open to working with him and his officials on a way forward, provided that the outcome is fairer to fans, artists and everyone else who invests in the live entertainment industry. I hope that he will not reject their concerns out of hand today.

If the Minister does reject those concerns, and if this Bill is not successful, the bad feeling about the secondary market, which is damaging the reputation of the entire sector, will not go away. The situation will not get better without Government intervention—and that of the

Minister, I hope. I know that because I have seen how far the situation has developed since the Labour Government and the Select Committee last considered it and effectively, as I have said before, gave the touts a green light to continue by doing nothing to stop them. The Government and Parliament were wrong to come to that view, and I hope that a fresh set of Ministers will come to a different conclusion.

As touts got that green light, the primary market has naturally adapted to step in to the secondary marketplace—and why should it not do so? I do not condone the practices of Get Me In and Ticketmaster, if they are true, and I do not like the fact that artists such as Madonna auction premium seats or that some sports give their premium seats directly to secondary retailers, but one cannot blame them given the situation. If a tout can make that money, why should it not go to the people who put on the event? Indeed, it would be preferable to have it that way, particularly in the sporting world, where extra money means extra grass-roots investment. That is not an abstract hypothesis about how the primary market will go. That is what is happening right now, with many events at the O_2 arena selling premium tickets at much higher prices than regular tickets.

My Bill seeks to limit the involvement of touts in the ticket market, which will provide less of a reason for anyone in the industry to feel that they must resort to such practices, thereby increasing the likelihood of a genuine fan being able to buy a ticket at face value with their saved-up pocket money. The only people who benefit from the current situation are a few professional touts. Whether they are linked to other crimes, and whether they use hacked computers or other underhand methods to buy their tickets, is beside the point. However they do it, they are manipulating the supply of tickets to exploit demand created by the talent, hard work, good will and investment of everyone involved in putting on live entertainment. Despite contributing nothing, they reap vast sums. As the manager of the Arctic Monkeys has said, it is "a parasitical economy". It is the most distasteful expression of free market capitalism, because it creates a few big winners and countless big losers. If enacted, the provisions would be popular, because they are a proportionate attempt to redress that imbalance. I commend the Bill to the House.

1.16 pm

Mike Weatherley (Hove) (Con): I refer hon. Members to my entry in the Register of Members' Financial Interests.

I congratulate the hon. Member for Washington and Sunderland West (Mrs Hodgson) on introducing the Bill and on allowing the House to have a lively debate.

Before I get on to the reasons why I—perhaps surprisingly—support the Bill, a little background is in order. At university, I was fortunate enough to attend a speech by the late Sir Keith Joseph, who changed my life. The speech was about free markets and, although I was studying business studies, I had the preconception that it would be boring—how wrong I was, because I was blown away by the arguments. I am a Conservative, because I believe that the free market is far and away the best method by which efficiently to allocate resources. Risk needs to be rewarded, and consumers should have the ultimate say on how products are delivered and at what price. In 90% of cases, the market should decide.

My second interest in the Bill stems from my love of live music and sport. Music and other forms of creative expression are vital to the British economy. I have delivered a number of speeches in the House about the importance of the music industry to the country for overseas earnings and suchlike. The performing arts and sport sustain employment and tax revenues, which benefit all our citizens. There is, however, a blight that creams off revenues by exploiting an imperfect market and contributes nothing to the creative copyright holders. That blight consists of those who profiteer by exploiting excess demand.

Ticket touts who take advantage of availability do nothing to promote our creative industries, and this is one of those rare examples where the Government need to step in to protect creative persons. There are five conditions for the formation of a perfect market, such as perfect knowledge of alternatives and so on. One of those conditions concerns the availability of supply. That is fine for physical products, which can be increased or decreased according to demand—for example, when manufacturing output is turned up, supply increases and the equilibrium price is found again. However, where supply is based on an individual, it is impossible for the number of hours in the day or the number of days in the year to be increased. A performer cannot be in two places at the same time. An imperfect market is then created, and prices rise due to a shortage of supply.

The question is whether intermediaries should be able to take advantage of that imperfection against the wishes of those providing the service. I certainly hope that everyone present in the House today recognises the value of copyright protection to the creative industries. If anyone does not, I suggest that they review the conclusions of the Gowers report, which agrees that intellectual property, and thereby the wishes of the creative person as to how their product is produced, marketed and used, should be protected. The copyright owner should retain control of their product.

Philip Davies: The problem with this line of argument—the comparison with general intellectual property—is that with other forms of intellectual property infringement, the person producing the goods or services loses out. With ticket touting, the promoter does not lose out because if they are selling 50,000 tickets at £20 each, they are hoping to get £1 million, and whether or not a ticket tout buys those tickets and sells them later they still get their £1 million, so they do not lose out financially.

Mike Weatherley: I am grateful to my hon. Friend for making that point, to which I shall give a specific answer later.

The issue is who owns the product that people are going to see. My view is that the copyright owner who produces the good, whether it is a concert or a sports event, is the owner and should have control of it for various reasons. There are many reasons why a business might want to price at below full market value—in specific sectors, market penetration is one such reason; reward for loyalty is another. Football is a good example. There is differential pricing in stadiums, but clubs depend on their regular, grass-roots fan base, and this is recognised in the lower prices in certain sections. Many clubs have a young persons' section at half-price. They could easily charge full-price for that section, but they do not. If the

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argument of free market enterprise were applied to those tickets, young people would buy them and sell them on at a much higher value, but the club does not want them to resell those tickets at a higher price, as it knows they could, because it wants to encourage a loyal fan base and benefit the community.

Philip Davies: It is interesting that my hon. Friend uses football as an example because as the Minister said, the restrictions on ticket touting in football are to do not with ticket touting but security. Even so, an increasing number of clubs not only allow but actively encourage season ticket holders to resell their tickets through the secondary market when they are unable to go to a particular match.

Mike Weatherley: I have spoken to various football authorities about this, and the reason they allow the selling on of season tickets is that they recognise that people must have a mechanism for reselling if they cannot go to a match. However, the football authorities would not want someone to sell their season ticket for a particular match at 10 times its value. I happen to be going to a Chelsea-Manchester United match later in the season, but I have not paid 10 times the value of that ticket: I have been given it by a season ticket holder who cannot make the match. That is entirely proper.

Graham Jones: The hon. Member for Shipley (Philip Davies) raised the security issue, and I am somewhat confused by the way he contradicts himself. Surely, with football, there is a problem with ticket touting allowing people with football banning orders to access a match moments before it starts or while it is going on. However, that point is contrary to the one he made about the restraint of trade, which he says should not be allowed. Does the hon. Member for Hove (Mike Weatherley) agree that it is important to have some control over touting? When considering access to football grounds and the potential for violence, it is important that touting is legislated against.

Mike Weatherley: I am grateful to the hon. Gentleman for making that point. It is entirely accurate to say that the selling on of football tickets is problematic because of the segregation of supporters. That is well recognised by all concerned and is just one reason why the promoters of any event might want to restrict to whom tickets are being sold. There are other reasons, and I shall give a good example of one that relates to Conservative Members in a moment.

An hon. Member explained to me that that restriction would not apply to house building—that a developer who builds houses should be free to sell to people, and those people should be free to sell on again. Of course that is true, but if, for charitable reasons, the developer wants five of those houses to go to Cancer Research nurses, they are quite within their rights to say, "We will only sell those on in future to Cancer Research nurses" and restrict the free market into the future as to where those houses go. I see that as no different from the owner—the creative industry person who creates the product—deciding what they want to do with their product into the future. It is essential, therefore, that the owner of the skill or creative talent, or supplier, has a say in who the end user is—but not in all situations. The Bill does not cover every event, and the promoter or band who wish to cover their event have to so designate it.

It is impossible to restrict onward selling without having a mechanism for refund, and the Bill not only allows for a refund but allows on-sale at a premium, be that 10% or double face value or whatever has been decided in the final stages. I am going to a concert tonight—The Cult at Hammersmith Apollo—and my colleague has a spare ticket. He is going to on-sell that ticket at face value, and he should be able to do so. I see no reason why, in that situation, he should not. There are no crowd control or exploitation issues.

However, our discussion relates to those ticket agents that advertise sporting or music events later in the year—sometimes before tickets are even on sale—at 10 times face value. They buy in their hundreds and sell on at huge profits. It is possible to buy Chelsea tickets for later in the season right now, although they are not on sale—and incidentally, as everyone knows, the premier league has a rule on selling at face value only. That is a clear example where the free market for ticket sales is not advantageous. We have mentioned the Olympic games; a non-profit clause is enshrined in its arrangements as well.

There are other cases where the issuer reserves the right for tickets to be non-transferable—train and plane tickets, for example. I expect that when hon. Members sell tickets for a fundraising dinner, they reserve the right to object to a replacement being issued. Can they imagine tickets for the forthcoming Conservative ball, which are £400 each to raise funds for the party, being bought up by touts and sold on at £1,000 to lobbyists, or others, whom they may not necessarily want in their midst? Of course not. The point is that the person giving the function restricts the number of tickets, and insists on the person buying attending or getting permission to transfer. It is right and proper that the person providing the event has some say in that.

On the face of it, ticket touts provide a free-market service, but scratch a little deeper, and for some events that is a misguided and counter-productive service. The touts are exploiting a market abnormality to the detriment of the wishes of those who put on the event.

The proposals in the Bill are fair, in that selling at a small premium is allowed and not all events are covered. Only those wishing to be bound by the rules need apply. If the artist is happy for their tickets to be sold at a premium, that is fine. I slightly disagree with the hon. Member for Washington and Sunderland West, who said that Madonna would sell at a premium on an auction. I think it right and proper that she be allowed to do so; that is a free-market thing, and she has control of her product to do what she wants with it, but if she has decided that she wants to sell it at a certain price, that should be respected by the copyright owner.

Sarah Newton: Does my hon. Friend agree that we have rightly, as a coalition Government, focused on wanting to support free enterprise, to create a lot more jobs in the private—

Mr Deputy Speaker (Mr Nigel Evans): Order. The hon. Lady should be speaking through the Chair. I find it difficult to hear otherwise.

Sarah Newton: I am sorry; of course, Mr Deputy Speaker.

Quite rightly, the coalition Government have focused on supporting small business, private enterprise and growing jobs in the private sector. Does my hon. Friend agree that the Government should be listening to such an important and growing sector of our economy as the creative industries? They have identified this practice as being problematic and standing in the way of them growing this successful business and creating new jobs in our economy.

Mike Weatherley: My hon. Friend makes a very good point. If a business wants to develop its products, it might underprice in the market for a number of reasons, as I have said, one of which could be market penetration. If someone wants to develop a fan base and encourage people who might not necessarily come to watch their events or try their commercial products, they will often use prices far below market value to get people to try them for the first time. A lot of ticket promotions do that specifically for concerts, sporting events and so on. Small businesses and small events that are trying to grow their business can have very good reasons why they might want to carry on a market penetration for a long time into the future. I thank my colleague for her intervention.

The price that the creative copyright holder wants to charge should not be a judgment for the House or any external body. If a biscuit manufacturer wants to give away biscuits for sampling purposes, we should respect that. We should not say that touts can buy them up and sell them on. As my hon. Friend said, we should help that business to develop its market. We should not be judgmental about what it does for commercial reasons. Let us not kill the goose that lays the golden egg. Let us listen to the music managers, football clubs and those who provide creative services—I have met no one who is against this measure—and get behind the Bill to the benefit of the country in the long term.

1.30 pm

Ian Austin (Dudley North) (Lab): I congratulate my hon. Friend the Member for Washington and Sunderland West (Mrs Hodgson). She is a brilliant MP and a formidable campaigner. I remember her relentless and successful campaign to pilot and promote free school meals to all children. Now she has ticket touts in her sight. If I were them, I would be very afraid. I completely understand why she has introduced the Bill. She is in touch with the people whom she represents. She understands ordinary people's worries. She has listened to the concerns of ordinary sports and music fans who want to get a fair crack of the whip when buying tickets to watch the bands whom they love or the teams whom they support. As she said, every parent knows just how keen their kids are to see their favourite groups or watch their sporting heroes, but they are being priced out of the market by people who make mass purchases and exclude ordinary fans. For that reason, we should look very closely at what she proposes.

It is fair to say that many organisations in sport and the arts—as well as charities such as Teenage Cancer Trust, to which my hon. Friend has referred—are concerned about this issue. Many governing bodies have told me that they want proposals that will ensure ordinary grass-roots fans have access to tickets. I, too, want to ensure that ordinary fans have access to the primary market and that tickets are not bought up in huge numbers the minute they go on sale by organised gangs in the way that she described. I believe in open, free and fair competition. I want free access to fair markets. Free markets are underpinned by open access and fair competition. It is particularly important to ensure that any suggestion of organised criminals being involved and any question of links to the funding of criminal activity or laundering money for criminal operations are investigated and prevented immediately.

Philip Davies: On fair access, may I give the hon. Gentleman a scenario to find out what he makes of it? I might really want to see an event, but am unsure whether I can do so because of my work or family commitments. By the time I have sorted them out and rung up, the event might be booked up because it has sold out in a flash. Does he not recognise that, as a true fan, my only possible opportunity to go to that event would be provided by some form of ticket tout? If no ticket touts were available, I would be excluded from that event. They might charge a price that I do not want to pay—that is my choice, and I can make that decision—but they are helping genuine fans who have other commitments when tickets go on sale to buy them.

Ian Austin: I understand that, like me, the hon. Gentleman was educated in Dudley, but given the nonsense that he is speaking today, he wasted his time there. The Bill would not eradicate the secondary market. It would not prevent tickets from being sold on; it would simply limit the price. That might or might not be the right thing to do, but is he saying that the secondary market is perfect and that he can guarantee that there is absolutely no abuse, fraud, illegality or criminal behaviour? Is he saying, for example, that no one prints fake tickets, which cause all sorts of problems?

Such issues should be considered, but the hon. Gentleman and his colleagues, with their juvenile antics—the usual nonsense and behaviour that bring the House into disrepute every Friday—are preventing them from being examined. My hon. Friend's proposals might not be the right ones, but we should consider them in Committee. We should examine the Bill, listen to all the experts and take appropriate measures, but the hon. Gentleman is preventing that from happening.

Philip Davies: I am rather surprised at the hon. Gentleman's fake outrage, because I posed a perfectly legitimate question. Most people watching would conclude that his reaction was juvenile. He talked about fake tickets being printed, but surely someone in his position would accept that such fraud is already illegal. If he is not aware of that, I worry for him in his new position.

Ian Austin: Of course such things are illegal, but they are happening. We should examine—*[Interruption.]* New technology and all sorts of things change markets all the time. We should not say that we are not prepared to look at the issues to see whether changes ought to be introduced—whether regulation might work—to make the markets operate more effectively and give ordinary fans greater access to them. The hon. Gentleman is trying to prevent that by talking the Bill out. That is a disgrace and he should be ashamed of himself.

Sajid Javid: I am confused about the hon. Gentleman's position. He started by supporting the Bill, or implying that he supports it.

Philip Davies: But does he?

Sajid Javid: Perhaps not, but the hon. Gentleman can correct me. He talks about free and fair markets, but he cannot support a Bill providing for a maximum 10% premium on resale and at the same time support free and fair markets. For the record, can he tell us the view of the official Opposition? Do they support the Bill or not?

Ian Austin: The hon. Gentleman has obviously not been listening. I said that I completely understand why my hon. Friend the Member for Washington and Sunderland West introduced the Bill. I believe in open, free and fair competition. I want ordinary fans to have proper access to the markets. There is clear evidence of abuse, with suggestions of organised criminal activity, people printing fake tickets and the rest. I am interested in looking at measures that could best deal with such things, opening up markets and ensuring free and fair access for ordinary fans. As I said, my hon. Friend's proposals might do that, but there are strong views out there, so we should listen to all the experts and take a view. However, the hon. Gentleman and his colleagues are trying to prevent that debate by talking the Bill out.

Sajid Javid: With respect, I am not talking anything out, I am debating.

The hon. Gentleman is not making any sense. It is not clear what he thinks. Presumably, he had time to consider the Bill before coming to the House today. Does he support it or not? The question is straightforward. Hopefully, he can give a straightforward answer.

Ian Austin: I support the Bill going into Committee so that it can be examined in detail and we can find solutions to the problems identified by my hon. Friend. That is pretty clear from the three times that I said it.

I am interested in whether registration or membership schemes—selling tickets through clubs—can promote access for ordinary fans. I am interested in how new technology can facilitate the sale or resale of tickets free from fraud and illegitimate or illegal ticket touts. I want to explore how safety and security can be enhanced to tackle people who rip fans off through ticket fraud or online scams—selling tickets they do not have, printing fake tickets or claiming that a ticket is for a seat at the front when it is actually right at the back.

I urge the Government to allow the Bill into Committee, so that we can discuss it, examine the detail, listen to all the experts in sport and the arts, talk to people in the ticket trade and look at how new technology can promote safety and security. As I said, there might be other ways of tackling the problems and safeguarding access to live entertainment and sport.

Times are tough now for ordinary, hard-pressed working families. We have a good case for seeing how we can open up the market and ensure that exciting and enjoyable events are not taken out of the reach of ordinary people. I pay tribute to the extraordinary campaigning energy of my hon. Friend and wish the Bill fair passage to Report. The system is clearly not perfect. The market should be opened up and any illegal or criminal involvement should be tackled.

1.39 pm

Sajid Javid (Bromsgrove) (Con): I congratulate the hon. Member for Washington and Sunderland West (Mrs Hodgson) on bringing the Bill forward. She has raised important issues that are worthy of discussion in the House. My understanding, although I may be corrected, is that the issue has come up before through private Members' Bills in previous Parliaments. However, in the interests of a full debate, it would be good to make a robust argument against what she proposes.

The Bill is flawed, in that it really does not understand the most basic laws of supply and demand. I do not think that one can buck the free market, or that it is the role of Government to get involved in free transactions. Let me make it clear that the issue is not about fraudulent transactions or criminal activity; as my hon. Friend the Member for Shipley (Philip Davies) said earlier, such activity is already illegal. This is about people legitimately getting hold of tickets in an honest way, and not prohibiting them from trying to sell those tickets at a profit, whatever that profit might be. In fact, such activity is probably an excellent example of the enterprise culture and of what a classic entrepreneur does, as long as—I emphasise this point—they get the tickets legitimately.

Ian Austin: Does the hon. Gentleman think that there are any problems associated with the secondary market at the moment? Can he guarantee that there is no involvement in criminal activity or fraud, and no online scams? If he cannot guarantee that, does he think that any consideration should be given to dealing with those problems?

Sajid Javid: I thank the hon. Gentleman for that intervention. Of course I cannot guarantee that: no one can guarantee that any market is free from criminal activity. The Bill will do nothing to stop criminal or fraudulent activity, because even if one put restrictions on sale prices and made certain practices illegal, it would not mean that any criminal or fraudulent activity going on at the moment would stop.

Ian Austin: Will the hon. Gentleman give way?

Sajid Javid: I will in a moment, but I shall just finish answering the hon. Gentleman's point.

Philip Davies: The hon. Member for Dudley North (Ian Austin) is trying to talk the Bill out.

Sajid Javid: Yes, and we should not do that. The hon. Member for Dudley North (Ian Austin) has had ample time in which to speak. The point that he is missing—this is why I was confused by the speech that he gave from the Opposition Front Bench—is that if the concern is about criminal and fraudulent activity, and activity that is clearly wrong, there are already laws in place for that. If those laws are not strong enough, or Members think that changes should be made to them, that is a completely different argument from what is being proposed today.

One of the key proposals in the Bill is to limit the resale price in the secondary market at a premium of only 10% of face value.

Mrs Hodgson: Does the hon. Gentleman not recognise that limiting the price at which a ticket can be resold will remove the incentive for people to buy huge numbers of tickets, and will remove the large amount of profit in, and the size of, the secondary market? There is nothing wrong with reselling tickets, but we are trying to limit the amount of profit that can be made. Also, does he not recognise that no income tax is paid on any of those earnings by the entrepreneurs he talks of?

Sajid Javid: The hon. Lady seems to suggest that anyone who earns a profit over a certain margin must be engaged in some kind of criminal or fraudulent activity, and that is clearly not the case. I hope that she accepts that, as has been mentioned, many ticket touts—perhaps the vast majority—are legitimate, have got the tickets in an honest way, and are not engaged in any kind of criminal or illegitimate activity at all.

Jacob Rees-Mogg: I wonder whether my hon. Friend might cast his mind over the issue of people buying up large numbers of tickets. Is that not actually enormously to the advantage of promoters of events, who are guaranteed a certain number of sales—the tickets may not be sold on subsequently—and get their cash flow early on? It is not simply a case of the practice disadvantaging the personal shopper.

Sajid Javid: My hon. Friend makes a fair point. In some cases, that can be advantageous, but I accept that where there is clearly very high demand, there are sometimes good reasons to restrict the number of tickets that an individual can buy.

Mike Weatherley: Does my hon. Friend agree that the people who should be making that judgment are the music promoters and managers, who almost unanimously say that the point made earlier by my hon. Friend the Member for Shipley (Philip Davies) is totally inappropriate, and that they do not like that way of selling? They prefer to sell directly to the fans, rather than to those intermediaries who distort the market for the type of person they want to come to the concert.

Sajid Javid: It is a varied market, and different promoters and creative acts will wish to sell their tickets in different ways. It could well be the case that they do not like selling tickets in bulk—that is their choice; no one is forcing them to do so—and if they wish to sell individual buyers a maximum of two or three a time, that is their choice. Equally, the price at which tickets are sold is their choice, and if a company or creative act is genuinely concerned about that, they always have the option to increase or reduce the price. That is how the free market operates.

Mike Weatherley: Is that not exactly the point? The copyright holder themselves can make that judgment. Many promoters restrict ticket sales to four or six at a time, only to find that 100 are on display through the software programmes that the hon. Member for Washington and Sunderland West (Mrs Hodgson) mentioned and that offer multiple ticket buying in different formats. If the promoter wants to offer a maximum of six to an individual, he should be allowed to do so.

Sajid Javid: I take the point that my hon. Friend is making, but I have already answered that question.

Ticket resellers act like classic entrepreneurs, because they fill a gap in the market that they have identified. They provide a service that can help people who did not obtain a supply of tickets in the original sale to purchase them for sporting and cultural events. As long as those tickets have been acquired genuinely and lawfully, it is an honest transaction, and there should be no Government restriction on someone's ability to sell them.

Ian Austin: I am grateful to the hon. Gentleman for giving way again. Given that he was unable to guarantee that nothing could be done to improve the primary or secondary markets, will he guarantee that he will not talk out the Bill, so that it can go into Committee and these issues can be discussed properly by Members on both sides of the House?

Sajid Javid: I did not say that there could not be any improvements in the system. I have no intention of talking out the Bill, but I cannot guarantee the intentions of other hon. Members.

The hon. Member for Washington and Sunderland West referred several times to real or genuine fans, and to the fact that they cannot buy tickets because they are priced out of the market. She referred, too, to speculators. I do not understand what she meant by that, as I shall explain, and perhaps she will be able to clarify what she was implying. Her argument sounded far more anti-capitalist than anti-tout.

Let me explain by way of the example of a Wimbledon final. Only 10,000 tickets are available, but demand is three times as high—30,000 people want a ticket, which is not atypical by any means. If the tickets are priced at £20 a head and are sold in a secondary market at five times face value at £100 a head, who is being exploited and how? I assume that the hon. Lady would say that the ticket tout is exploiting people in that example by making a profit of £80.

Perhaps that could be avoided if the club priced the tickets at the outset so that there was not a mismatch between supply and demand by selling them, for example, at £100. If that is what the hon. Lady is suggesting, the corporation or company behind the club or event would make the extra profit. I would have thought that, as a socialist—I assume that she is a socialist—she would welcome the small man or the honest ticket tout who has bought their tickets legitimately and offers them for sale, making a profit for themselves, as opposed to the corporation making those profits.

Let me use a personal example. I was brought up in a part of Bristol called Bedminster. It is a working-class neighbourhood and, as a child, I lived near the Bristol City football ground. Many times at weekends I would pass the ground and see ticket touts trying to sell tickets. I would hear them offering their tickets, sometimes at prices that were multiples of the face value. Many of the touts were ordinary hard-working people. One may not have liked the look of some of them, and they may have seemed unsavoury to some people, but they were ordinary people providing a service in a legitimate way. I would rather be on their side than on the side of the large corporations.

Mrs Hodgson: The hon. Gentleman is talking about those salt of the earth-type individuals selling on tickets and doing a hard day's graft for their little reward, but are they paying any income tax like the rest of us? Is he condoning black market activity? Does he think it is right for those salt of the earth types to stand outside selling tickets at Bristol or wherever, at mark-ups that my hon. Friend the Member for Dudley North (Ian Austin) considers rather high, and without paying any tax on that, unlike the rest of us?

Sajid Javid: I think the hon. Lady will find that most secondary market sales, such as those on eBay, are exempt from income tax and other such charges. If that is her concern, there is no reason to single out tickets, as opposed to other items that might go on sale in the secondary market. Although she described ticket touts as the salt of the earth, that is not a phrase that I used. I am not suggesting that some of those characters might not look unsavoury or that they might not have a tattoo on their head, for example, but that does not matter. As long as they have tickets that they acquired legitimately and they wish to sell them at a price that is higher than the face value, the Government have no responsibility to intervene.

The interests that the hon. Lady is representing are probably those of the chattering middle classes and champagne socialists, who have no interest in helping the common working man earn a decent living by acting as a middleman in the sale of a proper service.

Ian Austin: Setting to one side the ludicrous fantasy that tickets at Bristol City have ever gone at many times their face value, which is a total invention, the hon. Gentleman's point is interesting. If he is saying that ticket touting ought to be allowed at football games, how could he prevent the admission of people who are subject to banning orders for causing trouble at football, how could he ensure the proper segregation of fans, and how could he guarantee public order in the grounds? He ought to be aware that ticket touting at football is illegal for precisely those public order reasons, as I am sure the Minister will confirm. Has he discussed with the police his desire for ticket touting to be allowed at football, and sought their advice?

Sajid Javid: I am sure the hon. Gentleman is aware of the current rules and regulations surrounding the issue. We are debating a Bill that seeks to change those rules and regulations. Perhaps it would be easier if I explained the role of a middleman using an example that is not as sensitive as that of tickets.

The hon. Gentleman may have sold one of his used cars in the past. If he wanted to sell a car, he could try and sell it himself, but most people would try to find a middleman to help with the process. They might go to a car dealer. Their car might be sold for £1,000 to a car dealer. If they learned that the car dealer who purchased their car and helped them went on to sell it a few days later for £1,500, they would not say that the car dealer had ripped them off by £500, because he had provided a service. A middleman in a ticket transaction provides a service no different from that, as long as—I stress this—he had acquired the tickets honestly. That is why we have a secondary market in the sale of tickets and will continue to do so. So long as the individual involved in secondary market transactions has acquired the tickets legitimately, they are providing a service that deserves to be rewarded.

The hon. Lady should understand, as has not been made clear today, that not everyone has the time to queue for a ticket, or leads a well-regulated life or knows months in advance, when tickets might go on sale, whether they can attend an event, and not everyone knows privileged insiders who can get hold of tickets that would otherwise be difficult to obtain. However, everyone, to a greater or lesser extent, has money. If a person wishes to devote a large part of their disposable income to see something that is disproportionately attractive to them, why should anyone else care and why should it be their business?

The hon. Lady seems to believe that touts are ruthless exploiters whom no one in civilised society should countenance. Nothing could be further from the truth. If the tout has come by his tickets in an honest way and offers a genuine service with a real risk of loss in the pursuit of profit, that is not a problem. As someone who believes passionately in the virtues of the free market and who is on the side of the ordinary, common working man, I respectfully oppose the Bill.

1.56 pm

Philip Davies (Shipley) (Con): I congratulate the hon. Member for Washington and Sunderland West (Mrs Hodgson) on bringing forward the Bill. I think we ought to be aware that ticket touts can lose money—on many occasions they do—as well as earn it. I will give an illustration: if a ticket tout had decided to buy up tickets for the Labour Benches today, hoping to sell them on at a profit to the supporters of the Bill, they would be badly out of pocket. What surprised me from the outset is that the hon. Lady, despite making such a passionate speech on how annoyed her constituents are about ticket touting and how passing the Bill was the most important thing anyone could do, has spectacularly failed to persuade any of her colleagues to attend. Had they considered it at all important, there would be at least 100 of them here to support a closure motion and guarantee that the Bill went into Committee, which the hon. Member for Dudley North (Ian Austin) is so anxious to see happen. I am afraid to say that I will not take any lectures on how important the Bill is to people across the country when the hon. Lady cannot even persuade her colleagues of its benefits.

I agree with my hon. Friend the Member for Bromsgrove (Sajid Javid): it struck me that the hon. Lady's speech was more against capitalism per se than against any kind of ticket touting. She seemed to indicate—she will no doubt correct me if I am wrong—that to sell a ticket at a profit of more than 10% was verging on criminality and that it was completely unacceptable and outrageous. If it is the view of the Labour party that anyone who happens to sell a product at a profit of more than 10% is verging on criminality and is totally undesirable, it seems to me that many people will be interested to know that.

If the hon. Lady goes to any clothes shop and asks for the profit margin on the clothes being sold, she will find it is considerably more than 10%. In fact, she will find that the profit margin on anything in any shop will be considerably more than 10%. She seems to be saying she does not believe in the business world or

capitalism at all, and the hon. Member for Dudley North, who is pushing for the Bill to go into Committee, seems to be endorsing that approach. I knew that new Labour was dead, but I had not realised it was dead to that extent. This really is old Labour with bells on.

Mrs Hodgson: I know that the hon. Gentleman is having sport with me, because he knows I am not saying that people should not be able to charge a mark-up of whatever percentage they choose in shops. That is not what I am saying at all. The principle would apply specifically to tickets for events whose organisers would choose to opt into the Bill. It would not cover every event, as the promoter would have to choose to opt in to be covered under the Bill's proposals and so control the amount of money that those tickets are sold on for. That would mean that there would be more chance of genuine fans buying them at source. It would not stop genuine fans buying tickets at the last minute either, because genuine fans would still be able to get them through a resale, but there would not be the huge market that encourages tickets to be bought up at source within minutes of their going on sale.

Philip Davies: I heard the hon. Lady's argument the first time around; I was not persuaded by it then and I am not persuaded by it now.

Before anybody suggests that I am going to talk out this Bill, I should say that it is absolutely my intention—in fact, it is a guarantee—to speak for less time than the hon. Lady did when proposing it. So I hope there will be no arguments about that.

Jacob Rees-Mogg: My hon. Friend will have to do that, because this particular business ends at 2.30 pm so the time available is obviously less.

Philip Davies: My hon. Friend spotted that, too, but the situation is beyond my control. If you, Madam Deputy Speaker, tell me—not for the first time—that I have to conclude my remarks, I shall accept your ruling with the good grace that I always show.

Ian Austin: I can assure the hon. Gentleman that new Labour is not dead. I said I believed in free markets, open competition and fair access for ordinary people. I want to ensure that the organised bulk-buying of tickets which excludes ordinary fans is prevented, so that ordinary people get a fair crack of the whip when it comes to buying tickets. When he thinks about it, he will find that that is a more free-market approach than his. It is the Opposition who are standing up for open access, competitive markets and free competition. If he believes that there are no problems at all with secondary markets, fair enough; but surely he can see that there must be some ways of improving them. My hon. Friend's proposal might not be the best way of doing so, but I simply say that we should get the Bill into Committee so we can debate it.

Philip Davies: That is a perfectly fair point, but the hon. Gentleman did not manage to persuade his Government to adopt that approach when they were in office, as they killed the Bill when it last came up, so I am not entirely sure why anybody who is against it now should be considered a tyrant, because his Government killed exactly the same Bill in the previous Parliament.

New Labour clearly is not dead, because the hon. Gentleman seems to think that just by asserting something, it is therefore true: so if he says that he believes in the free market, it is therefore sufficient proof that the Labour party believes in the free market. I take a rather different view: I think our policies have to reflect our assertions. We cannot just say, "I believe in the free market" and then pass laws that completely fly in the face of the free market. I ask him for some consistency, so that his lofty words about believing in the free market might be followed up by action and policies that support them. I am afraid, however, that I cannot see any of that happening.

Mr Deputy Speaker, you are in a privileged position in this debate, because you were also on the Culture, Media and Sport Committee with me when we considered this matter two or three years ago. We conducted an interesting inquiry. The hon. Lady was absolutely right: not only did we find the secondary market to be perfectly legitimate, but her Government found exactly the same. She did not mention this point, but she will also be aware that the Office of Fair Trading has always made it clear that the secondary market for tickets is not only not a bad thing but actively works in the consumer's favour.

That brings me to my hon. Friend the Member for Hove (Mike Weatherley), who says that the people who own the rights to an event—the promoters or, in his words, the holders of the intellectual property—should be free to determine such matters. That is a perfectly legitimate and respectable view to hold, but I do not agree. I was encouraged, nevertheless, as he said he was not really taking the consumer's interests into consideration. They did not matter; what mattered was the intellectual property holder. That is a perfectly respectable view, but I do not agree. I think that the public—the consumers—are an important part of the process.

Mike Weatherley: My hon. Friend makes a good point, and I thank him for his comments, but does he agree that the point is not about the free market, which we all fully endorse and support, but about the ownership of the product, control over the creative product and the ability to determine whom one should sell to and deal with?

Philip Davies: I agree with my hon. Friend on many things, but not on this. I believe that if I sell a product to somebody else who hands over the money that I have asked for to purchase it, I have ceded that product to that person. That is the whole point of the free market. If somebody goes into a supermarket, buys a product and sells it on, I do not believe that the supermarket should have a go at that customer for doing that; once it had sold it, it was that person's to do what they wanted with it.

The issue comes up in all sorts of things outside sporting and cultural events. We did not have time to go into other matters during the speech made by the hon. Member for Washington and Sunderland West, but I would be interested to know how she feels about them.

To save any misunderstanding, I make it clear that I am not arguing from a personal interest perspective, but there is often a big hoo-ha in the press when a limited edition of designer handbags goes on sale in Selfridge's or some other big department store, and there is a huge

[Philip Davies]

queue outside to buy the 25 available. Alternatively, Buzz Lightyears go on sale at Christmas—everybody wants one, but there are hardly any left. Massive queues form outside overnight. The lucky 20 dash in and buy the few available and within five minutes flat the product is on eBay being sold at 20 times the price because the person who bought it knows that there is a much bigger demand than the shop was able to accommodate.

I am not entirely sure whether the hon. Lady or the hon. Member for Dudley North are suggesting that, from their party's perspective, it is the Government's job to start regulating all these matters, so that if somebody buys somebody else's intellectual property and then uses the free market to sell it at 25 times the price, the Government should stop that. If the hon. Lady or the hon. Gentleman are suggesting that, I should like them to stand up and say so; if they are not, perhaps they will explain what the difference is between somebody who buys a ticket to an event and somebody who buys a limited edition of a Buzz Lightyear, a handbag or anything else. Perhaps my hon. Friend the Member for Hove could do the same. I see no difference at all. It seems to me that once the Government go down the road of controlling the market in tickets, they are opening up the floodgates, or a slippery slope, of intervening in every single nook and cranny of the commercial world.

Mr Nuttall: That raises the interesting question of what would happen in the stamp market. People often buy stamps, especially commemorative issues, for the purpose of holding on to them for a number of years in the hope of selling them on for a profit.

Philip Davies: My hon. Friend's question helps to illustrate the point: where would it end if the Government went down such a road? Where would it all end indeed?

It does not surprise me at all that the Labour party wants to interfere in every nook and cranny of everybody's lives—what they buy, how much they can sell it on for and all that kind of business; that is its raison d'être as a political party. However, I hope that the one thing that the coalition Government will not do is adopt that kind of socialist agenda. That would be very worrying indeed.

The hon. Lady talked about how popular the issue was among the general public, if not among her own colleagues. However, I take issue with the notion that the reselling of tickets is unpopular; I am not entirely sure that there is a great deal of evidence to suggest that. ICM conducted some opinion polls on this matter. As I mentioned earlier, 86% agreed with the statement:

"If I had a ticket to a sporting event, concert or other event that I could no longer use then I should be allowed to resell it".

Some 83% agreed with the premise:

"Once I've bought a ticket it is my property and I should be able to sell it just as I can any other private property".

That point was made by my hon. Friend the Member for Bury North (Mr Nuttall). Some 86% agreed:

"It shouldn't be against the law for people to resell tickets that they no longer want or can't use."

The hon. Lady, or her cheerleader on the Front Bench, made the point that the Bill would not ban the resale of tickets, but simply restrict the price at which they could be resold, and that therefore the opinion polls were irrelevant. However, the same opinion poll also found that 56% agreed that the price of a ticket should be determined only by what they were willing to pay, which seems to fly in the face of the hon. Lady's argument that everybody in the country is appalled by the current situation and that something needs to be done about it. Perhaps she has taken only a small or a biased sample of opinion; if she has a better mechanism for opinion polls than ICM, she should share it with the organisation. Furthermore, 61% agreed that the second-hand or secondary ticket market enables real fans to get hold of tickets that they would otherwise have missed out on. Contrary to the hon. Lady's contention that most people think that the secondary market stops real fans getting their tickets, 61% of people think the exact opposite.

Mr Nuttall: My hon. Friend has just mentioned the term "real fan", while earlier we heard a number of references to "ordinary fan", "average fan" and "biggest fan". Is he aware of a definition for any of these terms?

Philip Davies: My hon. Friend makes a good point about what constitutes a "real fan" in these matters. If somebody is prepared to pay £2,000 or £5,000 for a ticket to a concert, I would argue that it provides the best example of a real fan. Nobody is going to pay that kind of money for a ticket to an event in which they are not really interested. It seems to me, then, that the free market and ticket touting help the real fans to find their way to the front of the queue rather than get clogged up by people who might be buying on a whim because the tickets are rather cheap.

The hon. Lady says that she is trying to help the organisers and others to sell the tickets for the benefit of real fans, but perhaps she should reflect a bit further. Some of the concert and sporting promoters should also reflect on the part of the ICM opinion poll showing that 71% of people agreed that too many tickets for major sporting and cultural events were allocated to corporate sponsors, hospitality packages and VIPs. On this particular matter, I tend to agree with my hon. Friend the Member for Hove, who would presumably say that these are their tickets and they are entitled to give them to whomever they want. I would not gainsay that in this particular case. It is a bit galling, however, for people to be lecturing everybody on how they want the real genuine fans to have the tickets at a price they can easily afford when they are some of the worst when it comes to real fans not getting their tickets, because of the "prawn sandwich brigade".

Mike Weatherley: Would my hon. Friend care to meet some of the music managers with me and be lectured by them? Perhaps we could also invite some real and true fans to come along to express their opinion so that we get a breadth of viewpoint. I wonder whether the Minister would also like to accompany us on this particular venture.

Philip Davies: My hon. Friend makes a tempting offer and it would be churlish of me to turn it down, so I look forward to receiving that invitation. I am encouraged: the longer I speak, the better the invitations I get. That encourages me to keep going a little while longer. I do not mind the free market—if anyone has a better offer, I would be prepared to hear it. I can assure my hon. Friend that I have already heard these arguments, as the

Select Committee heard the views of promoters. I suspect that even the mere mention of my name to a certain Harvey Goldsmith is likely to give him a near-heart attack. Some of the spats that he and I had—not just in the Select Committee, but on radio interviews afterwards on the issue—seem to have done his health more harm than good. I am certainly aware of the arguments, but I was not persuaded by them.

My hon. Friend the Member for Bury North made a good point about who the real fans are in this case. Who are we trying to protect? Who are the people who are losing out as result of ticket touting? I have never worked out who the losers are, but they are certainly not the promoters. They do not lose out in any shape or form from ticket touting and nor do the artists.

Mr Christopher Chope (Christchurch) (Con): Is my hon. Friend sure that the promoters are not losing out? They could be selling their tickets at a higher price, and if they are worth more on the open market than the promoters are selling them for, then they are losing out.

Philip Davies: If my hon. Friend does not mind my saying so, he states the obvious. Obviously, if the market would guarantee a higher price for the tickets and the promoters were to sell them at a higher price, they would make more money. My point, however, is that that is their choice. If a promoter has 50,000 tickets to an event and chooses for one reason or another to sell them at £20 per ticket, their ambition is to bring in £1 million from the sale of those tickets. Rather than ticket touts causing a problem for the promoters, I assert that they are helping, because the more tickets they buy, the more likely the promoters are to sell the amount of tickets required for them to raise the sum of money for which they have budgeted. The ticket tout is therefore helping the promoters reach their targets. If there is no ticket touting, the promoter is not going to bring in more than £1 million; the tickets will still all be sold for £20 each. That is the only income the promoters are going to get, so they are certainly not losing out.

Ian Austin: I would like the hon. Gentleman to address the central question; it has not yet been dealt with. Is it fair that individuals are excluded from the market because cartels buy up the tickets in bulk and then rig the price? That is not a free market. Is the hon. Gentleman saying that that is fair? If he agrees that it may not be fair, and that it may need to be looked at, why is he not going to help get this Bill into Committee?

Philip Davies: I do not accept the hon. Gentleman's assertion that ticket touts prevent people from accessing tickets. I would make the opposite point. Tickets for an event might sell out in five seconds flat, before a genuine fan has the chance to realise they were on sale or before they could check whether they could get time off work or child care. If they later realise that they can go to the event and there were no ticket touting, they would have no chance of going to the event. The only mechanism that enables them to have a chance to go to the event is the secondary market. It may well be that the price the secondary market charges is more than the person is prepared to pay, but that is their choice. If the ticket touts were not there to offer their services, that person would not even have that choice in the first place. It is therefore my assertion that ticket touting gives the genuine fan more access, rather than restricts it.

Ian Austin: I am not arguing with the points the hon. Gentleman makes about the secondary market. I am simply asking him this: is it right that people should be able to use technology to buy up all the tickets right at the outset, prevent anybody else from having a fair crack of the whip, and then fix the price? That is not a free-market solution.

Philip Davies: I am not aware that the hon. Gentleman in his speech or the hon. Member for Washington and Sunderland West (Mrs Hodgson) in her Bill advocate that these provisions should be limited to people who buy huge quantities of tickets over a website. This is a principled point about people selling tickets at more than a 10% mark-up, however they come by them.

I always thought that the Labour party believed in the redistribution of wealth from rich people to poor people. I thought that was the way they wanted to go. I am therefore a bit flummoxed by what has been said. A constituent of mine who has not got a great deal of money but is a great fan of cricket might buy a ticket to the cricket world cup final for, let us say, £25. They then go to the pub where a fellow says, "Do you know what? My lifetime ambition is to go to the cricket world cup final but I cannot get a ticket as they have sold out. I am so keen, I would give £3,000 to get a ticket." My constituent might then think, "£3,000 for this ticket! All my Christmases have come at once. This fellow has obviously got far more money than he knows what to do with if he is prepared to pay £3,000 for my ticket." That would be an example of great redistribution of wealth from rich people to poor people. The richer people are giving the money to the poorer people for a commodity that they want to sell. I would have thought that Labour Members would be all for that kind of redistribution of wealth. What on earth has happened to them? They have given up being new Labour, and now they have given up being old Labour.

Mrs Hodgson: The hon. Gentleman is making a flamboyant and interesting speech in his usual manner, and he may have made some valid points. I suggest that he allows this Bill to go into Committee and perhaps allows the Minister to speak in the last 10 minutes available. I am sure that the Minister has prepared something and has some pearls of wisdom to offer that I really want to hear and that should be on the record. Will the hon. Gentleman allow the Minister to speak so that the Bill can pass to Committee?

Philip Davies: It was the hon. Lady who spoke for an hour, not me. If she had shown some discipline during her speech, we might well have got on to the Minister. We might yet. However, the more interventions she makes the less chance I have of getting beyond my opening remarks.

Joan Walley (Stoke-on-Trent North) (Lab): On a point of order, Mr Deputy Speaker. Further to my point of order earlier this morning, is this not just one more example of the filibustering and archaic procedures that are preventing genuine private Members' Bills from receiving scrutiny in Committee?

Mr Deputy Speaker (Mr Nigel Evans): I know how frustrating Fridays are for those who have Bills that are down the line, but my job in the Chair is, if a filibuster

[Mr Deputy Speaker]

takes place, to stop it immediately. That is not the case and the hon. Member for Shipley (Philip Davies) is in order.

Philip Davies: I am grateful, Mr Deputy Speaker, and I am glad that you think that the points that I have made are relevant to the Bill. I am genuinely disappointed that Opposition Members do not wish to engage in a debate. I thought that that was the whole point of Bills going through Parliament—that we debated them. When I have finished making the points I have to make I will, in customary fashion, sit down. I always thought that that was the way that debates worked in this place—that people spoke until they had finished and then they stopped.

Mr Chope: Does my hon. Friend accept that if there was a secondary market in the ability to have a private Member's Bill first on the Order Paper on any day, the hon. Member for Washington and Sunderland West (Mrs Hodgson) would not be so frustrated?

Philip Davies: My hon. Friend is ingenious as ever. That might be something that the Procedure Committee will want to consider. I suggest that my hon. Friend mentions it to our right hon. Friend the Member for East Yorkshire (Mr Knight). I shall look forward to that system being introduced.

I do not think that things work against the interests of the promoter. The promoter gets all the income that they were ever going to get in the first place, so the promoter is looked after. The issue is then whether things work in favour of the consumer. As I hope I have argued, the fact that the consumer can buy tickets right up to the end means that it works in their best interests, too. I must say in passing that if ticket touting is such a big issue for concert promoters and sporting promoters—if it is the be all and end all and the biggest single threat to their business—it is a wonder that they do not do more imaginative things to try to stop the antics of ticket touts. My hon. Friend the Member for Hove said that it should be up to them what they do, and it is. Perhaps, rather than selling all the tickets in one go right at the start so that they are sold out in five minutes flat, which provides a perfect market for the ticket tout because no tickets are on open sale, why not sell tickets gradually week by week, so that there are still some tickets on open sale right up to the day before the concert? There would therefore be no market for the ticket touts.

I do not think that the solutions to the problems lie with more legislation, but of course that is what the Labour party always reaches for. If Labour Members perceive a problem—for the avoidance of doubt, I am not saying that there is a problem—they think the only solution is more Government legislation, more Government interference and more of a nanny state. The solutions to these things are often in the hands of the promoters and I want to see an explanation of why more promoters do not sell tickets bit by bit, week by week and day by day, so that tickets are still available on the open market the day before. There would then be no market. Perhaps the hon. Member for Dudley North could explain what is wrong with that solution. I see that he does not want me to give way, so perhaps I have talked him round. Perhaps this is a triumph that I did not anticipate. He appears not to disagree with me, so I shall leave it at that.

I want to refer to the Office of Fair Trading. People seem to think that not allowing the person who owns the property to set the price will make the price more expensive for the consumer. I take issue with that because when I had the pleasure of working for Asda, it challenged the net book agreement. I do not know whether hon. Members remember the net book agreement, which allowed publishers to set the price of books and which prevented anyone else from selling the book at a different price.

I presume that my hon. Friend the Member for Hove supports the net book agreement, because the book belongs to the publishers, who should therefore be able to force everybody to sell it at a particular price. At Asda, we thought that that was against the interest of the consumer, that it was a protection racket and that it flew in the face of the free market. We took our case to court to argue that we should be able to sell books at the price that we wanted to sell them at and that there should be a free market. After a lot of to-ing and fro-ing and a lot of expense, I am delighted to say that Asda won its case and the net book agreement was broken.

What has been the upshot of the end of the net book agreement? If the argument advanced by the hon. Member for Washington and Sunderland West holds, prices would have risen: people would have abused the system by charging all sorts of prices. The nice, kind publisher would have wanted as many people as possible to read the book, and would have sold at the cheapest possible price, while the nasty retailers would have hiked up the price to increase their profits. The exact opposite actually ensued. Since the net book agreement ended, book prices have decreased, so breaking that restriction worked in the best interest of consumers. I do not see the difference between books and tickets, because the principle is the same. The free market won out in the courts, and I hope that it will continue to do so.

Mike Weatherley: My hon. Friend has set out a good economic analysis. Does he accept that in commercial terms there is such a thing as price differentiation in different markets for various reasons by the producer for long-term commercial purposes?

Philip Davies: Indeed. My hon. Friend has made some perfectly reasonable points, but I happen to disagree with them. Most of the problems that he has identified can be solved by the industry itself, and I have made some imaginative suggestions. If ticket touting is such a big issue, tickets should be sold on the open market by auction, as my hon. Friend the Member for Christchurch has suggested, which would maximise income and get rid of ticket touts, who would have no business.

Mrs Hodgson: In the two minutes remaining, I wonder whether the hon. Gentleman will allow the Minister to say a few words.

Philip Davies: As I made clear at the start of my speech—I hope that I am considered to be someone who sticks to their word—I will speak for less time than the hon. Lady, and I intend to keep that promise.

Mr Nuttall: My hon. Friend may like to know that those who have spoken in favour of the Bill spoke for 85 minutes; even if he continues until 2.30 pm, those who oppose the Bill will have spoken for only 51 minutes.

Philip Davies: I am grateful to my hon. Friend for his mathematical genius.

Mr Chope: Will my hon. Friend confirm that if this debate is not concluded today, it is open to the hon. Lady to put the debate over to another day for continuation?

Philip Davies: My hon. Friend is, with good reason, considered to be the expert on Friday rules, if I can put it like that. I am sure that the hon. Member for Washington and Sunderland West is grateful that he has not charged for his advice on getting her Bill through in future weeks. I commend his advice to her.

When the chief executive of the Office of Fair Trading gave evidence to the Select Committee, he did not just say that the secondary market was working in the best interests of the consumer, although he did say that. I add that the right hon. Member for Barking (Margaret Hodge) also said that when she gave evidence as a member of the Labour Government; she was a passionate supporter of the secondary market. The chief executive also made it clear that he considered that the secondary market also worked in the interests of promoters. Let me quote what he said—

2.30 pm.

The debate stood adjourned (Standing Order No. 11(2)).

Ordered, That the debate be resumed on Friday 13 May.

Business without Debate

PROTECTION OF LOCAL SERVICES (PLANNING) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 1 April.

PUBLIC BODIES (SUSTAINABLE FOOD) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 17 June.

FREEDOM OF INFORMATION (AMENDMENT) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 4 February.

FIRE SAFETY (PROTECTION OF TENANTS) BILL

Resumption of adjourned debate on Question (19 November), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 1 April.

WASTE RECYCLING (END USE REGISTER) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 17 June.

SAFETY OF MEDICINES BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 4 February.

COUNCIL HOUSING (LOCAL FINANCING PATHFINDERS) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 11 February.

PARLIAMENTARY STANDARDS (AMENDMENT) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 4 February.

Cycling in England

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Randall.)*

2.32 pm

Dr Julian Huppert (Cambridge) (LD): I am very grateful to have secured the debate and I thank the Minister of State for attending, particularly at the end of a week in which the Under-Secretary of State for Transport, my hon. Friend the Member for Lewes (Norman Baker), made an important and encouraging statement on local sustainable transport. Many hon. Members will be aware of my passion for cycling. I believe I was the only Member of Parliament to cycle away from their count. Occasionally this passion has gone too far. At the turn of the year, I successfully tested the surface of a road while descending rather too fast around a bend, and fractured my humerus in the process, which is a rather less amusing injury than the name—or your expression, Mr Deputy Speaker—suggests. The section on cycle safety later in my speech might come with some sense of a wry smile.

Hon. Members may know that my constituency has long been at the forefront of cycling. Some 26% of its adult population cycle to their work or education—a figure comparable with the highest performing cities elsewhere in Europe. When I go to visit schools, it is always heartening to see how many pupils cycle or walk to school, although more could be done. I represent people who, for reasons topographical, historical and cultural, do not merely talk the talk, but walk the walk—or, rather, ride the bike. However, this is a wider debate about cycling in England generally, and I shall make several points about the Government's general strategy and recent announcements. I will also ask some questions that I hope the Minister will answer later.

Why should we encourage cycling? There are a number of reasons: it is safe, healthy, cheap, convenient, fast, reliable, clean and green. Another reason, which I have noticed increasingly as a Member of Parliament, is that cycling around my constituency allows me to see the world around me and for people to see me. In a car, one is very much separated, whereas on a bike, one is very much part of the environment. There is much to welcome in the Government's approach to cycling and to sustainable transport generally. I have already mentioned my hon. Friend the Under-Secretary's statement on Wednesday, which contained a great deal of good news. Perhaps the most important announcement in it, apart from the local sustainable transport fund, which I shall come to later, is the £11 million of funding to Bikeability next year and the commitment to support it for the duration of this Parliament. Many people in Cambridge and elsewhere shared my concern about the Government's decision to scrap Cycling England—a decision which I continue to find deeply regrettable, and which led to the title of this debate. We were particularly concerned that Bikeability, a vital training scheme and one that has worked wonders for cycling all around the country, was under serious threat. I am very pleased and relieved that the Government have committed themselves so fully to that scheme.

There are a number of other encouragements. I was especially pleased to hear about the possibility of greater powers for local authorities over traffic signs. Can the Minister confirm that that will allow, among other things, "no entry—except cycles" signs to be used? Contraflow cycling in appropriate one-way streets affords cyclists greater access to quieter streets, avoiding busier roads and making quicker journey times possible. We in Cambridge have asked for years for permission to use those signs, but it has been a struggle with Department for Transport officials until a recent trial was allowed. The current "low-flying motorbike" sign simply is not understood by many people.

There are also some specific issues that need resolving. Could the section of the Traffic Management Act 2004 that allows for enforcement of mandatory cycle lanes be brought into force? I believe it is the only bit that has not yet been implemented. Could the law be adjusted so that the presence of a vehicle in a cycle path or on a footway be taken as evidence that it was driven there, rather than appearing magically, as seems to be assumed at the moment?

One great thing about the headline story of the statement was the setting up of the £560 million local sustainable transport fund. The previous Government—Labour Members are noticeable by their absence—talked a very good game on green issues but destroyed their credibility with disastrous initiatives such as the third runway at Heathrow, which has now thankfully been jettisoned by the coalition. It is essential that a green thread runs through all Government policy if we are seriously to tackle climate change. We cannot rely on an occasional eye-catching idea here, an emotive piece of environmental rhetoric there, while business proceeds as usual. Local sustainable transport has a key role to play. If used correctly to support strong and well-designed bids, the fund will have a vital role to play in shaping our communities and reducing our reliance on expensive and unsustainable transport—but the Minister will realise that that is a big if. I have several questions to raise about how the Government intend to take the scheme forward.

The Department for Transport has produced a very useful guidance document, which I have in my hand, for those local authorities considering bids, and I would encourage local authorities to study it carefully. The assessment criteria for prospective bids are carefully set out in it. I am pleased that front and centre are the two policy objectives driving the Government's approach: creating growth and cutting carbon. But as we all know, those two objectives can and do get in each other's way at times. I hope the Minister will be able to clarify to what extent bids will be judged ultimately on cutting carbon, and to what extent on creating growth.

Perhaps the Minister might also find time to consider and address the other priorities flagged up in last year's Cabinet Office report on urban transport, which found, interestingly, that the economic damage in cities, as a result of detriment to public health through vehicle crashes, poor air quality and physical inactivity from reduced walking and cycling, was three times greater than the effect of congestion alone, although those factors are far too often overlooked in transport decisions.

I hope the Minister and the Government will be sympathetic to the need for radical bids to reduce carbon emissions significantly, but I also believe the Department can and should do more to encourage such bids in the first place. The Department for Transport, along with the late Cycling England, produced a so-called

hierarchy of solutions, which does an excellent job in establishing a cycle and pedestrian-friendly infrastructure—at least, it would do an excellent job if it was not virtually unknown among local authorities and widely flouted in practice. The Department should promote awareness of that policy among local authorities, as it is when they ignore it that we tend to see the type of cycle facilities that are often worse than useless. To take an obvious example, many local authorities still persist in creating poor quality shared-use cycle facilities on pavements, creating unnecessary conflict between cyclists and pedestrians. That is contrary to the guidance from the Department, which rightly focuses on reducing traffic volumes and speeds, redesigning junctions and reallocating road space. There clearly is a role for off-road cycle paths, but it must be good quality and not just a cheap alternative to road provision.

I welcome the Government's guidance, although I wonder whether the Minister can give assurances that it will be put more strongly to local authorities bidding for this important fund. In particular, I take this opportunity to bang the drum for 20 mph speed limits in residential and shopping streets. They make a large difference to safety for children, cyclists and pedestrians but only a small difference to car travel times.

This is part of a wider point: a commitment to reducing road danger is needed. Nearly three quarters of people agree that the idea of cycling on busy roads is frightening, partly because road safety policies have for too long focused on making cycling look dangerous—for example, by excessive advocacy of cycle helmets—when we should be addressing the source of the danger. Slowing traffic is one way to do that; reducing traffic volume is another; and more cyclists lead to safer cycling.

Perhaps the Minister will also consider prosecution, sentencing, liability and awareness issues. In far too many accidents, the ready-made excuse, "I just didn't see him, guv," is invoked and too readily accepted. We must encourage the police and the Crown Prosecution Service to be more ambitious in the choice of charges and the decision to prosecute, so that judges and juries can decide whether an excuse is good enough. Driving with a reckless disregard for the safety of fellow road users should be treated very seriously. Will the Minister consider the use of proportionate liability? Putting the default onus on the more dangerous vehicle in a collision would protect cars from trucks, bikes from cars and pedestrians from bikes.

The frequent use of the "Sorry mate, I didn't see you," or SMIDSY, excuse also points to a lack of awareness among drivers. Many cyclists must simply feel invisible at times. Even in Cambridge, the lack of consideration shown by some motorists is shocking. Will the Minister consider including a cycling and pedestrian awareness element in the driving test, for example, that goes beyond the occasional video clip during the theory test?

Taking away the stigma attached to cycling by making our roads safer would be a positive step in encouraging those who would like to try it but feel intimidated or frightened. That would accompany the successful attempts by organisations, such as the Cyclists Touring Club, to encourage more cycling, particularly to work. Its workplace cycle challenge in Cambridge succeeded in encouraging 132 new cyclists on to the road in just two weeks. The cycle-to-work scheme, which was introduced by the last Government, deserves genuine praise. I should be interested to know whether the Government have any plans to build on the scheme's success and to help to resolve the many concerns about what happens to the bike at the end of the scheme.

It is very important to encourage councils and businesses to provide the small essentials that make the difference to journeys, including convenient, safe and sheltered cycle parks at workplaces and town centres and things such as showers and lockers at work, so that people can travel and more easily be fresh for a day's work.

I have previously asked questions, which are particularly relevant to the Minister, about the difficulties involved in bus and train transfers. The situation for cyclists who commute using other public transport as well remains grim. Problems continue with cycle parking at railway stations, and the Minister is welcome to come to Cambridge to see the problem for herself. Can she offer any further encouragement on the subject at this time, or at least an assurance that it will be given due importance in deliberations over rail and bus stock, routes and timetables? Will these issues feature prominently in franchise negotiations?

May I briefly draw the Minister's attention to problems faced by the cycle-racing community, which has been championed by the hon. Member for Dudley North (Ian Austin)? Will she support the ongoing work between the Department for Culture, Media and Sport and her Department to redraft the outdated Cycle Racing on Highways Regulations 1960? Will she try to facilitate appropriate traffic signs for road cycling? Will she review the anomaly that motor rallies are allowed to take place on bridleways, but cycle racing is not?

As I said, I am grateful for securing this debate, which has achieved extra topicality as a result of Wednesday's statement. The last time that I spoke on transport, the Under-Secretary of State described my speech as something of a wish list. I hope that I have succeeded in reining myself in a little more this time, although my natural enthusiasm for the subject sometimes overtakes me.

I shall finish on a suitably austere note: other cycling enthusiasts have noticed that the Government say in their sustainable transport White Paper that they plan to spend more money on developing their own cycle journey planner. Perhaps in the spirit of the big society, I point the Minister and her Department to the CycleStreets website, which already provides such a service, reliably and efficiently, and without requiring millions of pounds of Government subsidy. The website was developed by two of my constituents, both avid cyclists who are very much involved with the excellent Cambridge cycling campaign, and cost a total of about £40,000 to cover the whole country. I hope the Minister will consider the value for money of supporting and utilising their work, rather than inventing a new wheel. I look forward to her comments.

2.44 pm

The Minister of State, Department for Transport (Mrs Theresa Villiers): As is customary, I congratulate my hon. Friend the Member for Cambridge (Dr Huppert) on securing the debate and on his eloquent contribution and his passionate support for cycling.

I strongly agree that cycling generates important social, environmental and health benefits. The role it can play in relieving congestion, improving air quality

[Mrs Theresa Villiers]

and reducing carbon emissions is clear and well accepted. Regular cycling has other important benefits, in particular for health, reducing by half many chronic illnesses, including heart disease. Cycling can also help us to address the obesity problems that cost the NHS and wider society around £20 billion annually.

As well as the wider benefits, we should not lose sight of the simple truth that cycling can be a great way to get around—a convenient and low-cost way to make short journeys. The key question is how we can lift the barriers that deter people from regular cycling. The coalition agreement makes a commitment to supporting sustainable travel, including walking and cycling. The Department for Transport will be investing £58 million in cycling over the current financial year. Cycling receives further Government support through local transport plan funding to local authorities and the DFT grant to Transport for London.

On Wednesday, as we have already heard, the Under-Secretary of State for Transport, my hon. Friend the Member for Lewes (Norman Baker), published a White Paper on local transport alongside bidding guidance for the new local sustainable transport funds. I thank my hon. Friend the Member for Cambridge for the support he has expressed for that important initiative. I believe the measures announced by my hon. Friend the Under-Secretary will prove to be a significant step towards realising two of the coalition's most important objectives—creating growth and cutting carbon. The White Paper sets out how we can encourage the uptake of more sustainable modes locally, supported by the £560 million allocated to the new sustainable transport fund.

In answer to the questions put by my hon. Friend the Member for Cambridge about the relative importance to be placed on creating growth and cutting carbon, the answer is that weight will be given to both, taking into account each scheme's overall merits. He will realise that in many cases similar actions can both generate economic benefits and cut carbon.

It will be up to local authorities to decide what goes into their bids, but the case for cycling is so compelling that I am certain many councils will want to include cycling projects in their bids to the fund. We therefore expect cycling programmes to attract substantial support from the new fund. We are strongly encouraging local authorities to work with voluntary and private sector partners when putting forward their bids. That will open up opportunities for the involvement of groups such as CTC, Sustrans and the Campaign for Better Transport.

As my hon. Friend pointed out, our first commitment in relation to the local sustainable transport fund is on cycle training. The coalition has confirmed Bikeability funding for the remainder of the Parliament, confounding some of the anxieties created by the abolition of Cycling England. Learning to cycle safely and confidently on today's roads is a valuable life skill and a key part of our strategy to promote cycling. The national cycle training scheme currently receives funding of £11 million, providing up to 275,000 Bikeability training places. Earlier this week, we announced a further £11 million for Bikeability training in 2011-12.

To get first hand experience of Bikeability, I decided to have a go myself. I very much enjoyed being taught the level 1 and 2 courses by David Dansky of Cycle Training UK. At the end of the lesson, I certainly felt my hand signals had improved and were much more positive.

Recently published research demonstrates how highly Bikeability is regarded by parents and the children who take part in the scheme. Children reported to the survey that, after the training, they generally felt safer and more confident when riding on the road. It is clear that parents feel more confident allowing their children to ride on the road, because the child's ability to judge risks will have been strengthened by the training they have received.

To complement our education programmes, we will set aside £13 million from the fund in 2011-12 for links to school, bike club and walking to school initiatives, delivering additional cycle parking and infrastructure changes for safer links to schools—something my hon. Friend mentioned.

In preparing their bids for money from the new fund, local authorities might well wish to emulate the approach taken in the cycling demonstration town programme, which has delivered impressive results. Darlington managed to double cycling in four years. In the first six towns that took part, there was an average increase of 27% in the number of people cycling regularly. Assessment of the programme indicates that the congestion, health and other benefits—benefits of the sort that my hon. Friend mentioned, to do with air pollution and the public realm—generated by the programme were three times greater than the amount of money spent on the programme.

My hon. Friend expressed concerns about problems integrating cycling journeys with public transport. Again, that could prove another fruitful source of ideas for local authority bids to the local sustainable transport fund. The bike 'n' ride demonstration projects running over recent years are a model worth considering for the future. They have improved facilities for cyclists at rail stations run by South West Trains, Merseyrail, Northern and Virgin Trains. Hundreds of additional cycle parking facilities have been provided at stations run by those train operators, together with hire facilities at Waterloo, Richmond and Southport. That project complements wider Department for Transport work to support the establishment of cycle hubs at key rail stations, the hub in Leeds being the first to open, last September.

The announcement that I made earlier this week on a move to longer rail franchises will give train operators stronger incentives to invest in improving stations. That, of course, could include the provision of cycle parking. Chiltern Railways is an example of a longer franchise; it was able to deliver a considerable uplift in cycle parking places, but as we judge the bids coming in for rail franchises, we will certainly look at the ideas that bidders and train operators have for improving linkages with cycling, and for making it easier to integrate cycling into the rail system.

The Department continues to monitor the voluntary station travel plan pilot schemes, which can provide clear benefits to cyclists as part of efforts to integrate rail successfully with other sustainable modes of transport. My hon. Friend highlighted the cycle to work scheme; it continues to provide tax incentives that enable employers to help those who wish to switch to commuting to work by bicycle. A concern here is the judgment in the AstraZeneca case; the Government are currently looking at how that case might impact on the scheme to see whether we can resolve any resulting difficulties.

My hon. Friend rightly highlighted safety issues as being one of the barriers that can sometimes deter people from cycling. It is not really for me to start dictating to the Crown Prosecution Service about their decisions on prosecutions—I am sure that he anticipated that answer—but there are a range of other ways in which the Government can help to tackle concerns about road safety and cycling. First, of course, The Highway Code emphasises the importance of watching out for cyclists. I agree with my hon. Friend that strengthening driver awareness of cyclists should be an important priority in our continuing work to improve the driving test and driver training. It is already very much a focus of driver training and the driving test, but we acknowledge the continuing importance of that work.

Secondly, we encourage local authorities to make their roads safer for all users. We stand ready to offer advice on the options available, including the 20 mph zones that my hon. Friend supports. However, I am sure that he will agree that such decisions need to be taken locally, in the light of local circumstances. Thirdly, we are providing local government with the funding to improve cycle routes and networks through local transport plans and, in future, via the local sustainable transport fund.

My hon. Friend is right: we should be careful not to overestimate the risks associated with cycling, in case we find ourselves being part of the problem and deter people from doing more cycling. It is worth noting that the health benefits offered by cycling clearly outweigh the road safety risk. We still need to make our streets more welcoming to cyclists. The DFT's "Manual for Streets" emphasises the importance of providing for cyclists and pedestrians. My hon. Friend is right to say that a user hierarchy recommended in that document places pedestrians and cyclists at the top. "Manual for Streets 2" was recently published after a lot of input from different stakeholders. My understanding is that those documents are heavily used by local authorities in their work on our roads and streets. The uptake of those documents is more extensive than my hon. Friend has been led to believe.

In response to my hon. Friend's point about signage, I, too, very much welcome the trial of the "No entry—except cycles" sign. He is right: it has been a very long time coming. The results of the trial will be part of the signs review included in the White Paper which was announced this week by my hon. Friend the Under-Secretary. Like my hon. Friend the Member for Cambridge, I hope that that sign will be seen more widely on England's streets in future.

As for road racing, officials from the Department for Transport, the Department for Culture, Media and Sport and the Home Office have been working with British Cycling and the Association of Chief Police Officers to explore ways of improving procedures for holding cycle races on public roads and addressing the issues that my hon. Friend rightly raised. My hon. Friend the Under-Secretary met British Cycling representatives earlier this week, and we have identified an existing legal power that enables the police to give directions for places at which traffic must stop for the race, and for cycle race marshals to hold a sign for that purpose. It is not sorted yet, but we hope that that might provide a solution to the major concerns expressed by the cycle racing community. Working with British Cycling, we have identified amendments to regulations to improve procedures for authorising cycle races, and the Under-Secretary is keen that they should be introduced.

My hon. Friend the Member for Cambridge concluded by expressing concern about the Department for Transport developing its own cycle journey planner when good websites such as CycleStreets are already available. Given the importance of the issue, there is room for Government action to complement the websites provided by the private sector, particularly given our focus on providing novice cyclists with the information that they need to encourage them to go out cycling, so that they are confident they can identify easier and safer routes.

We have begun to see real progress on cycling. My hon. Friend discussed the long history and success of cycling in Cambridge. London, too, is a great success story, as the number of cyclists in the capital has more than doubled over the past decade. Some 27,000 people now enter central London by bike every day. That shows that with the right measures it is possible to make a difference and create the right conditions for cycling to grow, generating the health, congestion, carbon and quality-of-life benefits that he rightly highlighted.

In conclusion, the 19th-century reformer and suffragette, Frances E. Willard, wrote in a preface to one of her books:

"She who succeeds in gaining the mastery of the bicycle will gain the mastery of life."

I am not sure whether that overstates things, but there is no doubt about the benefits that cycling can bring for quality of life. I strongly recommend it to all hon. Members, and I look forward to working with my hon. Friend in encouraging greater uptake of cycling by members of the public.

Question put and agreed to.

2.58 pm

House adjourned.

Westminster Hall

Tuesday 11 January 2011

[MR JOE BENTON *in the Chair*]

Prisoners (Voting Rights)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr Dunne.)*

9.30 am

Mr Philip Hollobone (Kettering) (Con): May I wish you a very happy new year, Mr Benton, and offer my grateful thanks to Mr Speaker for giving me permission to lead today's debate?

May I also wish the Minister and his shadow a very happy new year? The Minister is a personal friend, and I have always had high regard for him, both before he was elected to this place and since he took up his present position in the Government. I know, therefore, that we will not fall out on a personal level over this issue, but it is my job as a humble Back Bencher to stand up and to speak up for my constituents, whose view is that this country should not give prisoners the right to vote, and it is my job to hold the Government to account on that.

Here is a question for hon. Members. Who said

"Frankly, when people commit a crime and go to prison, they should lose their rights, including the right to vote"?

He also said:

"It makes me physically ill even to contemplate having to give the vote to anyone who is in prison"—[*Official Report*, 3 November 2010; Vol. 517, c. 921.]

The answer is my right hon. Friend the Prime Minister, and I could not agree more with him. The vast majority of people in this country would also back him in those sentiments. One difference between the Prime Minister and myself, however, is that he is actually in a position to do something about this issue. We need some backbone—we need a hardened spine—if we are to take on the European Court of Human Rights and resist its judgment.

Kate Green (Stretford and Urmston) (Lab): In making that statement about public attitudes, is the hon. Gentleman aware that research carried out for the previous Government in 2009 showed that only a quarter of respondents favoured a total ban on prisoners having the right to vote?

Mr Hollobone: The previous Government's two consultations, which they did, by the way, to avoid having to make a decision—they kicked the issue into the long grass for five years—involved a pathetically small number of respondents. Given that there were fewer than 100 respondents, the statistical relevance of those consultations is almost meaningless. If I asked my constituents whether prisoners should be given the right to vote, the vast majority would say that they should not. I strongly suspect that if the hon. Lady spoke to her constituents, she would get a very similar reaction.

I also want to pray in aid the words of the now Attorney-General when he was in opposition:

"The principle that those who are in custody after conviction should not have the opportunity to vote is a perfectly rational one. Civic rights go with civic responsibility, but these rights have been flagrantly violated by those who have committed imprisonable offences. The government must allow a parliamentary debate which gives MPs the opportunity to insist on retaining our existing practise that convicted prisoners can't vote."

I absolutely, 100%, agree, and I hope that this morning's limited debate will be a warm-up act for a proper debate on the Floor of the House.

Mr Peter Bone (Wellingborough) (Con): I apologise for sitting on the opposite side of the Chamber to my hon. Friend, but there are 20 coalition Members in here, and there is just not enough room. My hon. Friend's one-and-a-half-hour debate is very important, but the issue surely deserves much greater coverage elsewhere in the House.

Mr Hollobone: As on so many issues, my hon. Friend is absolutely right. There are lots of Select Committee sittings on Tuesday mornings, and many hon. Friends and Opposition Members who would like to be here to voice their views are unable to do so.

We are talking about this issue because the European Court of Human Rights has decided once again to interfere in Britain's domestic affairs.

Sir Peter Bottomley (Worthing West) (Con): Before my hon. Friend gets to the European Court of Human Rights, which was based on something written by David Maxwell Fyfe, will he please tell us when prisoners lost the right to vote and for what offence?

Mr Hollobone: Before I respond to that intervention, I congratulate my hon. Friend on his recent knighthood, which is extremely well deserved. His many years' experience in this place make him far more qualified to talk about these issues than I, but my understanding is that the British Parliament discussed these issues when it passed the Forfeiture Act 1870. Now, 1870 was 80 years before the European Court of Human Rights was established in the 1950s. British parliamentarians decided that it was appropriate for prisoners not to be given the vote way before the concept of a European court was even thought about.

By the way, there would be no human rights in any part of Europe today were it not for the brave actions that this country took on its own in 1940, and some of the European Court's judges should remember that. We are the mother of Parliaments and we have a long and proud history of democratic thought processes, debate and decision. Frankly, the British people are sick and tired of being lectured to on human rights issues by unelected judges in this pseudo-European court.

Mr Matthew Offord (Hendon) (Con): My hon. Friend mentions unelected judges, but is he also aware that two people in the previous Parliament were keen to pursue this issue? One was my predecessor, who lost against me in the general election, and the other was the former Member of Parliament for Oxford West and Abingdon, who also lost his seat. Does that not show hon. Members and others that members of the British public have been very unhappy with the European Court of Human

[Mr Matthew Offord]

Rights and with the Human Rights Act 1998 and those who pursue it and that they have showed their displeasure through the ballot box?

Mr Hollobone: My hon. Friend makes a telling intervention, and he has done the country a national service by winning his seat in the general election. He ably represents his constituents on these and other matters. He is right. The manifesto on which he and I stood clearly states:

"we will replace the Human Rights Act with a UK Bill of Rights."

I am sure that my hon. Friend was asked about human rights issues during the general election campaign—I certainly was in Kettering. Whenever such issues were raised, constituents were adamant that it was time for us to take sensible action on the Human Rights Act, which the previous Government introduced. The coalition agreement has kicked the replacement of the Human Rights Act by a Bill Of Rights into the long grass; it may happen, but there is no timetable, which is a great shame. Nevertheless, there is huge public demand for us to take action on these human rights issues. We would be doing our constituents a disservice if we did not raise their concerns in this place. My hon. Friend's majority in Hendon, my majority in Kettering and the majorities of many of our hon. Friends in Westminster Hall this morning demonstrate that human rights are an important issue for our constituents.

Mr John Hirst, who is serving a life sentence for an axe killing, brought his case and subsequent appeal to the European Court of Human Rights. He celebrated with glee on the television when the appeal judgment was announced—how wonderful it was that the European Court was going to force Britain to give prisoners the right to vote. Many of our constituents will have seen that and have been disgusted by Mr Hirst's joyous celebration of the Court's decision.

The Court decision is interesting in several respects, because its main gripe is that there is a blanket ban on prisoners being given the right to vote. There are ways to tackle that issue, other than just caving in and getting rid of the blanket ban. It may interest hon. Members to know that 13 other countries that are signatories to the European convention on human rights also have blanket bans. Why is this country being singled out for the treatment it is getting from the European Court, when blanket bans continue in other countries, such as Armenia, Azerbaijan, Bulgaria, Estonia, Georgia, Hungary, Latvia, Liechtenstein, Moldova and Slovakia, among others? Our constituents will be outraged that the UK is being singled out for special treatment.

One of the issues that the European Court raised was that there has not been proper parliamentary debate about the issue. The judgment states that

"there was no evidence that Parliament had ever sought to weigh the competing interests or to assess the proportionality of a blanket ban on the right of a convicted prisoner to vote. It could not be said that there was any substantive debate by members of the legislature on the continued justification...for maintaining such a general restriction on the right of prisoners to vote."

I am sorry, but those matters were discussed in this Parliament in 1870, 80 years before the European Court was even established. The judgment goes on to say that perhaps courts could be given the discretion to award disfranchisement to convicted prisoners on an individual basis. It says:

"It was also evident that the nature of the restrictions, if any, to be imposed on the right of a convicted prisoner to vote was in general seen as a matter for Parliament and not for the national courts. The domestic courts did not therefore undertake any assessment of the proportionality of the measure itself."

It also states that

"in sentencing, the criminal courts in England and Wales made no reference to disenfranchisement and it was not apparent that there was any direct link between the facts of any individual case and the removal of the right to vote."

There is therefore a way to address the Court's concerns by making sure that judges can award disfranchisement specifically in individual cases and encouraging them to do so.

Mr Stewart Jackson (Peterborough) (Con): My hon. Friend is making a powerful case. For the avoidance of doubt, if the Government do not change their policy enunciated in the statement of 20 December, I shall not vote with them, but in the Opposition Lobby. My hon. Friend touches on some interesting points. Is not it true that the recent case of Greens and M.T. *v.* the United Kingdom specifically allows the Government to proceed with a range of policy options, which, like the consultation in 2009, could be put out for public discussion? Instead the Government have gone for an arbitrary four-year limit, without any further debate or discussion in the House or with the public.

Mr Hollobone: My hon. Friend makes an interesting and brave point, and I commend his courage on the issue. He will be joined in the Lobby by many of our colleagues. The Government should be left in no doubt this morning that they have made the wrong decision on the issue and that they will not get the proposals through Parliament.

My hon. Friend is right: the Government can tackle the issue in far more imaginative ways. It was wrong for my hon. Friend the Minister to say in his statement of 20 December, which was sneaked out just before the Christmas recess, that

"we should implement the Hirst judgment in a way that meets our legal obligations, but does not go further than that."—[*Official Report*, 20 December 2010; Vol. 520, c. 151WS.]

The Government have gone further than that by saying that the limit should apply to those sentenced to four years or less in prison, because there are many countries that are signatories to the European convention that apply the ban to prisoners serving far less time in prison. For example, Austria, Malta and San Marino ban all prisoners serving a sentence of more than one year. In France only prisoners convicted of certain crimes lose their right to vote.

I should therefore like to know why the Government have settled on the apparently arbitrary figure of four years. They say that it is the difference between serious and non-serious offences, but frankly I do not accept that definition. There are other ways to cut the cake. For example, the ban could be applied to those who have their sentence issued by the Crown court, rather than the magistrates court.

Dr Thérèse Coffey (Suffolk Coastal) (Con): On the point about limits, does my hon. Friend agree that the crimes of rape, for which a three-and-a-half year sentence

was awarded in November, in a case in Warwick, and armed robbery with a knife, which has also been given a sentence of less than four years, are serious crimes, and that it is shocking that the Government even contemplate that such things should be covered?

Mr Hollobone: My hon. Friend makes an excellent point. Her constituents and mine will be sickened if rapists are given the right to vote. It is shocking how many prisoners would be entitled to vote if the Government's proposals were to go through. I should be grateful if the Minister would confirm the present number of people serving time in prison. Statistics that, again, were sneaked out just before the recess, show that there are 28,770 prisoners serving sentences of less than four years, of whom 5,991 have been convicted of violence against the person, 1,753 of sexual offences, 2,486 of robbery, 4,188 of burglary and 4,370 of drug offences. If the Government were, for example, to restrict the limit to sentences of one year or less, the number of prisoners who would be enfranchised would go down from 28,770 to 8,096.

Philip Davies (Shipley) (Con): Those figures are startling, but does my hon. Friend agree that all the people represented in the numbers he quoted have not had the vote taken from them—they have removed it from themselves by committing the crimes that led to their ending up in prison? If voting is so important to them, there is presumably an easy way out: they should not commit the crimes that get them sentenced to prison.

Mr Hollobone: As always, my hon. Friend speaks not only for his constituents but for Britain. Lots of people would agree with him. As his local police commander will have said—and as mine has said—"Philip, everyone we catch and convict is a volunteer." No one is forced to go to prison for committing offences. Indeed, it is difficult to go to prison nowadays, under the liberal criminal justice regime that the coalition Government are starting to pursue.

There are therefore a number of ways in which the Government can respond to the European Court ruling, other than just caving in with the four-year rule. Primarily we need a proper parliamentary debate on the issue, so that colleagues can debate the pros and cons and be given the opportunity to vote to maintain the status quo. That would satisfy the European Court's judgment that Parliament has not debated the issue. I hope that the Government will think hard about putting that before the House.

Mr Christopher Chope (Christchurch) (Con): Does my hon. Friend accept that what the Government put forward as a justification for the measure—namely that if they did not implement it there would be a substantial cost to the taxpayer, in millions of pounds in damages—was a specious and unjustified argument? Just before Christmas I spoke to an official of the European Court of Human Rights, who confirmed that the talk about millions of pounds of compensation being payable if we did not comply was a load of nonsense.

Mr Hollobone: As a Member of the Council of Europe my hon. Friend is closer to many of the issues than I am. I share his scepticism about the figure of £160 million, which we were given as the possible amount of compensation. I invite the Minister to justify where that figure has come from. It would be extremely irresponsible for the Government to bandy around those figures when they have no realistic basis in fact. I understand that there are 2,500 outstanding court cases, pending a resolution of this issue with the European Court. I would like to know how the Government established the basis of compensation for each of those 2,500 cases, because I strongly suspect that the Government may be guilty of making up those numbers and in danger of misleading Parliament.

This is very serious issue. The British public do not want prisoners to be given the right to vote. Many other countries in Europe successfully operate blanket bans and have not been challenged in the European Court. My constituents and many other people up and down the land are furious that once again the Government seem to be bending over to the human rights lobby to introduce a measure, which is frankly inappropriate to the balance of crime and justice in this country.

Once again, we seem to be going soft on criminal justice issues. The British people will not put up with that for much longer. Here is a golden opportunity for the new coalition Government to say, "We are going to put Britain first." If we have to pull out of the European convention on human rights, let us consider that and possibly do so. That would certainly have a lot of support in the country. However, if we are going to respond to the appeal judgment from the European Court there are many ways of doing it other than simply applying the four-year rule, which will not address my constituents' concerns. I say to the Government with confidence that if they continue to press this issue in the House, they will be defeated.

Mr Joe Benton (in the Chair): Order. Before I call the next speaker, as a number of people have indicated they wish to speak, I propose to commence the wind-ups no later than 10.40 am.

9.51 am

Kate Green (Stretford and Urmston) (Lab): I thank the hon. Member for Kettering (Mr Hollobone) for bringing this matter to debate. I agree with him and other hon. Members that it is right to have a proper debate.

I suspect I will not be the most popular speaker this morning, but I want to place on the record that I am in favour of giving prisoners the right to vote. I am in favour of it in this situation, first, because we are required to comply with a Court order, and it is impossible for us to run a criminal justice system around the basis of the rule of law if we then decide which laws and legal obligations we as a country will choose to follow and which we will not.

Secondly, I am in favour of it because I believe it is morally right that prisoners should have the opportunity to vote.

Mr Offord: Will the hon. Lady give way?

Kate Green: I will in a moment. I want to expand the three bases of my argument and then I will be happy to take the hon. Gentleman's intervention.

[Kate Green]

I believe it is morally right that prisoners should have the right to vote. I do not accept that they lose all aspects of citizenship in losing their liberty as a result of a custodial sentence. I fundamentally disagree with those who feel that prisoners' fundamental human rights should be weakened. In a decent and civilised society it is right that we treat all, including prisoners, with respect.

My third argument is that there is potential to see the right to vote in the context of a process of rehabilitation. Cleverly managed, it could contribute to the reintegration of prisoners in our society. Therefore, there may be some efficacy grounds for accepting a right to vote.

I am happy to take the hon. Gentleman's intervention now.

Mr Offord: The hon. Lady says she feels it is wrong for the United Kingdom to decide which laws it will implement as a result of the European judgment. However, only last night at the Oldham by-election, the Labour candidate decided that she did not wish to debate with one of the other candidates, whom she had removed by the police from a public meeting. The hon. Lady cannot have it both ways. If we as a country should accept all the laws, the hon. Lady and her potential colleagues should do the same.

Kate Green: I am not aware of the breach of law by the Labour parliamentary candidate in the Oldham by-election. Perhaps the hon. Gentleman can enlighten me later.

The hon. Member for Kettering said—I suspect rightly—that many in my constituency would be disconcerted to hear me making the arguments I do today. That is why I strongly support his call and that of others for a full and informed discussion to take place in this House, because we have not properly considered the evidence or, indeed, the purpose of our criminal justice system and the role that the right to vote or withdrawal of it plays. I hope that this debate will make some contribution to that analysis and information, but I consider that we need a far fuller understanding in the country as a whole.

I have taken an interest in this subject because I served as a magistrate for 16 years. I have sentenced people to custody and have never done it lightly. I am mindful that it entails not just a loss of liberty but puts at risk people's jobs, homes and family life. Hence, magistrates follow a rigorous decision-making process in selecting an appropriate sentence. With 16 years' experience on the bench, I cannot think of a single sentencing objective that removing the right to vote from prisoners sentenced to custody would have helped to achieve.

Dr Coffey: What are the hon. Lady's thoughts on the Government's proposal to offer judges and magistrates the opportunity to remove the vote as part of the sentence?

Kate Green: I am grateful to the hon. Lady for raising that issue, which I want to explore in my remarks. The hon. Member for Kettering was right to say that there is more than one way to skin a cat. I am not suggesting that a blanket rule that applies before or after a four-year custodial sentence is the most appropriate way to go, but it is a step in the right direction and one on which I would like to see us build.

I would like to say a little more about how we might see restoration of the right to vote as a positive by enabling prisoners to fulfil their responsibilities as citizens, and how that might in a small way—I see scepticism on faces opposite me—contribute to reducing reoffending, which is surely the prime purpose of the criminal justice system. If we fail to give prisoners any stake in our society, it is difficult to see why they should wish to reintegrate into that society—why they should feel any sense of obligation to mutual rights, dignity and respect when we do not afford that to them. I see an opportunity alongside this new legislation to improve education and rehabilitation in our prisons.

When I raised the matter with the Secretary of State at Justice Question Time before Christmas, he expressed scepticism as to whether prisoners would take advantage of the right to vote. However, before last year's general election the Prison Reform Trust participated in a debate with prisoners in a local prison. It reported that prisoners were intensely engaged in debating the political matters of the day: not just criminal justice but a wide range of issues that would affect them, their families, communities and society as a whole—a society, of which, like it or not, they remain a part.

Prisoners are rightly recognised as being among the most disadvantaged in terms of social inclusion prior to receiving custodial sentence. We should be looking to take steps to improve their social inclusion. What happens to them while they are in prison undoubtedly has a role to play.

Mr Stewart Jackson: Will the hon. Lady give way?

Kate Green: No; I am just coming to my conclusion.

I conclude with two questions which I hope the Minister will address. First, what plans does he have for a programme of prisoner education and engagement that takes advantage of the reintroduction of the right to vote, within the context of prison education—educating prisoners in their civic responsibilities—and how that will support their planned reintegration into the community? Secondly, I would like to follow the points raised by the hon. Member for Kettering in questioning the rationale for introducing a cut-off point at four years. That seems to suggest degrees of citizenship: one is more or less of a citizen, depending on the nature of one's sentence. I would be interested to hear the hon. Gentleman's view on whether discretion for judges might be applied more realistically if a blanket right to vote were put in place that gave judges the opportunity in certain cases to say that such a right was not appropriate and should be removed.

I am pleased that, after many years, we are seeing some modest steps to reintroduce a right to vote for prisoners. I support the direction of travel the Government are taking. As other Members have said, I very much hope we will move to an informed and rational debate about the effect of the measures now being brought forward.

10 am

Tom Brake (Carshalton and Wallington) (LD): I congratulate the hon. Member for Kettering (Mr Hollobone) on securing this debate. It has generated more interest in

Westminster Hall than other debates that I have attended. I congratulate also the hon. Member for Stretford and Urmston (Kate Green). She said that she felt rather vulnerable taking part in the debate, but at least she positioned herself strategically with no one sitting behind her.

Some Members will acknowledge that an announcement was unavoidable because the Minister had been put in a position in which he had no alternative. Others, however, will argue that he could have disregarded the ruling. I should be interested to know whether a majority of Members present think that we should abide by the law and the ruling of the European Court of Human Rights, which clearly stated that the Government had to address the question.

The Government have known about the problem for a long time. Since 2004, we knew that the Government—any Government—would have to deal with it sooner or later. The previous Government found some imaginative ways to postpone taking a decision or responding to something that they knew was coming down the track, given the consultations that they launched and their unwillingness to take action.

During his speech, the hon. Member for Kettering was asked to confirm when the blanket ban came into place. As he said, it came about under the Forfeiture Act 1870. He deployed the argument that the Government and Members of Parliament clearly debated the matter in 1870. I do not know whether he thinks that once in every 140 years is appropriate, or whether those 140 years have brought about a change in the way in which Parliament and society should operate.

Philip Davies: Does the hon. Gentleman not accept that in those 140 years, there has been ample opportunity for Governments to change the status quo? The fact that change has not been debated is a fair indication that the will of the House—and of the public—in those intervening years was not to change it. It has been within Parliament's gift to change over for the past 140 years if it had so wished, but it did not so wish.

Tom Brake: The hon. Gentleman makes a good point. That is why I support the call for Parliament to debate the matter, and we are starting that process today.

Sir Peter Bottomley: Our hon. Friend, the hon. Member for Kettering (Mr Hollobone), has been very helpful. Parliament debated the matter in 1967, and gave prisoners the right to vote in 1967.

Tom Brake: I thank the hon. Gentleman for that intervention. He may or may not be referring to something that I was about to say, which is that what the Government propose is not necessarily a radical departure. I understand that remand prisoners, people in prison for contempt of court and fine defaulters held in prison are eligible to vote. The principle is already established that some prisoners are entitled to vote.

Mr Bone: My hon. Friend makes his usual powerful speech, although I disagree with him on the principle. If prisoners are already given the right to vote, why are we being asked to extend it?

Tom Brake: Those exceptions notwithstanding, the view of the European Court of Human Rights is that the blanket ban that applies to all other categories of prisoner is so great that it requires the Government to take action.

Gavin Barwell (Croydon Central) (Con): On a point of principle, does the hon. Gentleman think that the judges of the European Court should ultimately determine what happens—or should it be the Members of this House, who are elected by their constituents?

Tom Brake: The fact is that we abide by the rules of the European Court of Human Rights, and it has ruled that the Government should take action. I believe, as does the hon. Member for Stretford and Urmston, that it is appropriate for the Government to do so. The hon. Gentleman may disagree, as may others, but they take the debate slightly away from the right of prisoners to vote to the subject of the European Union, on which there will be a longer debate—*[Interruption.]* I mean aspects of the European Court and human rights that will be the subject of another debate in the main Chamber.

It is right that the Minister should clarify why four years was chosen. In the briefings that I have seen, the justification is that four years is the cut-off point between a short-term prison sentence and a long-term one. I have seen no other argument for why that threshold should have been chosen. The Minister should respond to that point.

The Minister should also respond to the hon. Member for Kettering and others, who said that concern had been expressed that compensation might have to be paid. If a total of 85,000 prisoners claimed £750 compensation, it could amount to tens of millions of pounds. The Minister will have heard that some accuse the Government of making up the figures. I hope that he will tell us where the information about these potential compensation claims came from and say whether he stands by the contention that the Government might be liable for a large number of claims if no action is taken.

I hope that the Minister will also explain why the voting rights that he proposes are to apply to Westminster and European elections only, and not to other polls. If the Government were to allow prisoners to vote in local elections exclusively, it could be argued that prisoners would be less able to influence the Government's prison agenda if they could vote only in local council elections. I would be interested to hear why those two elections were chosen.

Mr James Gray (North Wiltshire) (Con): Will the hon. Gentleman give way?

Tom Brake: In a moment. The Minister has rightly made it clear that if the proposals go through, prisoners will be allowed to vote only in the constituencies that they came from or with which they have a connection and not in the constituency in which the prison is placed. The risk of large numbers of prisoners swinging an election result will therefore be greatly reduced.

Mr Gray: The hon. Gentleman has partly answered my question. Does he accept that if prisoners are allowed to vote in local elections in places such as Wandsworth or Wormwood Scrubs, they would have a decisive number of votes in tight elections?

Tom Brake: The hon. Gentleman has helpfully answered my question, so the Minister does not need to respond to it. I presume that that is why the Government have not gone down the route of allowing prisoners to vote in local elections. However, they could exercise their local votes as electors on the register in the constituencies from which they originally came; it would not necessarily have to be in the locality of the prison.

What this argument is clearly about, and the hon. Member for Stretford and Urmston expressed it very well, is whether voting is an intrinsic right—a basic human right—or whether it is a right that should be forfeited when people lose their liberty. Of course prisoners lose their liberty; no one disputes that that is the appropriate response to a crime. However, to what extent do they lose other liberties that are associated with being a citizen? There are certain responsibilities that they retain. For example, prisoners pay capital gains tax on any capital gains transactions that they might be involved in and they pay tax on their savings. They are, therefore, making contributions that other citizens make, so to what extent do we inflict civic death on them and include withdrawing their right to vote as well as other aspects of their liberty?

Mr Offord: The picture that the hon. Gentleman paints is of prisoners being like the fictional characters of Andy Dufresne or Norman Fletcher—I am talking about paying capital gains tax and other tax. However, if we look at someone like John Hirst, who was originally convicted and sentenced to 15 years, we will find that he served another 10 years for his behaviour in prison. That shows that not only was he not a model prisoner when he was in prison, but he was not a contributor to society when he was out of it. Does the hon. Gentleman not accept that some prisoners deserve to lose the kind of rights that we have been talking about?

Tom Brake: Of course. The hon. Gentleman has quite rightly illustrated that there are certain prisoners for whom there should be no such thing as a right to vote. They have forfeited their right, and that is appropriate. However, this debate is not black and white, but shades of grey. For some prisoners at one end of the spectrum, a one-year cut-off might be more appropriate. Equally, there are other prisoners, at the other end of the spectrum, who have forfeited any right to vote in future elections.

It is also worth considering the arguments that could be deployed against allowing some prisoners the right to vote. For example, is there any evidence that disfranchisement helps to prevent crime? I am not aware that there is any evidence that suggests that withdrawing the right to vote from prisoners helps to prevent crime. Are there any concerns about the difficulties of implementation? Certainly, the Prison Governors Association and the National Offender Management Service have no concerns about the logistical difficulties of providing votes to certain categories of prisoners. As I stated earlier, is such a change a great departure? In other words, are we moving to a system in which prisoners are, for the first time, given the right to vote? The answer is no, because remand prisoners and people in prison for contempt of court and for defaulting on fines are already eligible to vote.

To conclude, it is very clear that this is an issue in which the coalition Government are between a rock and a hard place. The European Court ruling is clear. The Government, who are potentially at risk from compensation claims, have to take action within the framework of the law. I look forward to hearing the Minister's response on some of these issues of detail and on how the Government arrived at the particular threshold that they have chosen.

10.13 am

Gareth Johnson (Dartford) (Con): I congratulate my hon. Friend the Member for Kettering (Mr Hollobone) on securing this extremely important debate. I am pleased to have this opportunity to speak because I believe that it is fundamentally wrong for prisoners to be able to vote. If someone has decided to step outside the law to the point where they have to be incarcerated, they should have no say on how the law is made. Part of the deprivation of liberty that comes with imprisonment is a loss of entitlements, and that should include the right to vote.

My hon. Friend quoted the Prime Minister as saying that even contemplating giving the vote to those incarcerated as convicted prisoners makes him feel physically ill, and he said that in response to a question that I asked him. It is nauseating to think of some of the worst offenders having a say over how this place, or any town hall or parish council, is run. What aggravates us is that this issue was ignored by the previous Government and kicked into the long grass. It is yet another mess that we have inherited and have been left to deal with.

Mr Stewart Jackson: Mindful of the comments of the hon. Member for Stretford and Urmston (Kate Green), is it not hypocritical of the Labour party to take a similar view, given that in 13 years, it made very little impact on rehabilitation in the penal estate in terms of putting prisoners to work and improving literacy and numeracy? To now say that preventing prisoners from having the vote is somehow attacking their human and civil rights is hypocritical and gets the priorities completely wrong.

Gareth Johnson: My hon. Friend makes an important point. During the 13 years of the previous Government, I worked in the criminal justice system and I saw their lamentable record. We are still waiting to hear what the Opposition would do about the issue of prisoner votes. We have heard the hon. Member for Stretford and Urmston give her opinion, but we have yet to hear the official position of Her Majesty's Opposition. We also want to know why nothing was implemented in the last four or five years since this particular judgment was passed by the European Court of Human Rights.

We all want to see prisoners obey the law. That is why they have been put into prison in the first place. We all have to obey the law. The United Kingdom is a member of the European Court of Human Rights and is, therefore, subject to its decisions. As members, we cannot pick and choose the decisions we want to comply with. We have two options: either we accept this judgment, hook, line and sinker, or we pull out of the European Court of Human Rights. Perhaps we need to review our membership, because it should be for Britain and not the European Court to decide whether or not British prisoners vote.

Mr David Davis (Haltemprice and Howden) (Con): My hon. Friend was making a powerful argument, but he rather simplified the last point. It is not an issue of the ECHR versus Britain. A previous Home Secretary,

now in opposition, said that he distinguished in his mind—I think he was right—between the ECHR overseeing the role of Governments and whether they properly obeyed the law, and the ECHR overruling the actions of Parliaments, which are not the same thing. One of the interesting points here is that what is being taken as a ruling to a Government is, in fact, a ruling to a Parliament, and we should challenge that point.

Gareth Johnson: My right hon. Friend makes a good point. I will come on to the issues relating to the judgment. I am concerned that it appears that through international law, which is always a bit of a hazy subject, we are being told that the United Kingdom has to comply with the direction given by that Court, or else we must pay compensation. My objection is that it should be wholeheartedly for the United Kingdom Government to make a decision on this issue, and there should be no kind of sanction against us if we say, "No, we feel that all convicted prisoners should lose the right to vote." I accept that there are advantages and disadvantages in the United Kingdom's membership of the ECHR, but this debate highlights one of the most significant disadvantages. It is therefore now up to us to weigh up whether we wish to continue being a member of that Court.

It is true that no criminal thinks that they will not commit a crime in case they lose their right to vote. I spent more than 20 years working in the criminal justice system, and I never met a defendant who took the attitude that they would not commit a particular crime because they were fearful of losing their right to vote. Nevertheless, I believe that giving back the right to vote on release can be part of a prisoner's rehabilitation, and there is a distinction there.

For me, however, the issue here is not crime prevention but the principle that it is wrong for incarcerated criminals to help decide how government should operate. It is laughable to suggest that convicted prisoners should decide how the criminal justice system is operated or what priorities should be given, for example, in the policing budget.

The Government have responded to the case of Hirst, which we have heard mention of, in the ECHR; it is the reason we are having this debate today. The Government have said that votes will be allowed if prisoners are sentenced to less than four years' imprisonment, and that that change in the law would comply with the ECHR judgment.

I have a copy of that judgment. If we are simply trying to comply with it, I believe the Government can be far stricter than they are currently being. The judgment says the following in being critical of the UK Government's position so far:

"It had regard to the fact that it"—

the UK Government's position—

"stripped a large group of people of the vote; that it applied automatically irrespective of length of sentence or the gravity of the offence".

My interpretation of the judgment is that if we place a bar on those prisoners serving a particular length of sentence and on the categories of offence, that would still comply with the judgment. Therefore, the Government can be far tougher and still remain within the ECHR judgment if they wish to do so.

For example, the Government could not only bar from voting those sentenced to at least four years, but those convicted of, say, sexual offences, which my hon. Friend the Member for Suffolk Coastal (Dr Coffey), who was here earlier, mentioned, or any other category of offence. It is the blanket ban that the ECHR has rejected.

Imprisonment for committing a crime should bring with it a deprivation of liberty beyond a mere bar on the freedom of movement. That deprivation should include the deprivation of the right to vote.

10.22 am

Sir Peter Bottomley (Worthing West) (Con): First, I want to congratulate my hon. Friend the Member for Kettering (Mr Hollobone) on bringing this issue to Parliament and I hope that there will be a debate on it in the main Chamber too. I agree with him that we are the people who should make decisions. Secondly, I want to thank him for his kind words about my new year honour; in thirty years' time, I hope to be here to congratulate him on achieving the same thing. *[Laughter.]*

If I may, I do not plan to give way because there are two quotations that I want to give before developing one or two arguments of my own. The first quotation is from a Home Secretary:

"The mood and temper of the public in regard to the treatment of crime and criminals is one of the most unfailing tests of the civilization of any country. A calm and dispassionate recognition of the rights of the accused against the State, and even those of convicted criminals against the State, a constant heart searching by all charged with the duty of punishment, a desire and eagerness to rehabilitate in the world of industry all those who have paid their dues in the hard coinage of punishment, tireless efforts towards the discovery of curative and regenerating processes, and an unfaltering faith that there is a treasure, if you can only find it, in the heart of every man—these are the symbols which in the treatment of crime and criminals mark and measure the stored up strength of a nation and are the sign and proof of the living virtue in it."—[*Official Report*, 20 July 1910; Vol. 19, c. 1354.]

That Home Secretary was Winston Churchill, speaking in the Commons in 1910.

The second quotation comes from an American judge, so some of the expressions that he uses and some of the experiences that he refers to may not be identical to those in this country. He is Judge Dennis Challeen, and he is quoted in a document called "Making It Right" that was published in 1986, talking about prisoners:

"We want them to have self-worth...

So we destroy their self-worth.

We want them to be responsible...

So we take away all responsibilities.

We want them to be part of our community...

So we isolate them from our community.

We want them to be positive and constructive...

So we degrade them and make them useless.

We want them to be non-violent...

So we put them where there is violence all around them.

We want them to be kind and loving people...

So we subject them to hatred and cruelty.

We want them to quit being the tough guy...

So we put them where the tough guy is respected.

We want them to quit hanging around losers...

So we put all the "losers" in the state under one roof.

[Sir Peter Bottomley]

> We want them to quit exploiting us...
>
> We put them where they exploit each other.
>
> We want them to take control of their own lives, own their own problems,
>
> and quit being a parasite ...
>
> So we make them totally dependent on us."

I hope that the future debates that we have in this House will not be about the effect of the judgments of the European Court of Human Rights and I do not actually want them to be about the European convention on human rights. The issue is not whether we join the Court; it is whether we think that the points put in the European convention on human rights by people in this country are points to which we want to adhere.

To my mind, the dominant issue is how we got into this pickle in the first place. The Forfeiture Act 1870 lifted a lot of the problems of people who are convicted: it stopped all their land and property being taken away, and it stopped their wives and children from becoming dependent on the state. It happened to include, under the heading of "treason" in section 2:

> "If any person hereafter convicted of treason..."

should be disqualified from

> "being elected, or sitting, or voting as a member of either House of Parliament, or of exercising any right of suffrage or other parliamentary or municipal franchise whatever within England, Wales, or Ireland."

Incidentally, this measure did not apply to Scotland so the idea that there is United Kingdom symmetry on this issue is not right.

When I was allowed to intervene on one of my hon. Friends—my hon. Friend the Member for Carshalton and Wallington (Tom Brake)—I referred to the part of the Act that came from the modification in the 1960s. Following a criminal law review process, from 1967 prisoners were able to vote.

Philip Davies: Not these ones.

Sir Peter Bottomley: Prisoners were able to vote.

Philip Davies: Not these ones.

Sir Peter Bottomley: I said that I was not planning to take any interventions; that applies whether they are made from a sedentary position and repeated, or made by a Member who is standing up and said for the first time. *[Laughter.]*

As it happened, in the mid-1960s, unless someone had established a proxy beforehand, I do not think that there were provisions for establishing proxies or for voting by post, so that is a change. Nevertheless, that modification takes away one of the difficulties of how voting by prisoners could be arranged now.

I want to put a question to my hon. Friend the Minister; if he does not know the answer now, I will be very happy to receive it in a letter later on. Is there a duty at present to register prisoners to vote, until we change the registration laws to enable individual registration, and even then does that duty apply? Indeed, one question is about whether people can vote; the second question is whether they appear on the register, whether they are qualified or disqualified. I would be very grateful to know from the lawyers in the Minister's Department, or through him from the lawyers, whether there is presently a requirement on a prison governor to register a prisoner on the electoral register and, if so, whether that prisoner is registered as being disqualified from voting in the prison or disqualified from voting from what would have been their normal address, as it were, if they were, say, an overseas elector.

The second question is about voting itself. I hope that the future debates that we have on this subject are about why it is an extra punishment or provision that someone who is convicted and then, as part of their sentence, has their liberty taken away, has their right to vote taken away as well. I am not terribly interested at the moment about the boundary problem or whether there should be a bar for those sentenced to more than four years or for those convicted of certain offences; I think that that is a subsidiary set of issues. I believe that the key point is whether we can actually say to people who are convicted, "We want to take away your liberty, but we want you to be a member of society". That is the essential issue. That is why we try to teach people in prison to read, to work and to be interested in things around them, and why we want them to have some sympathy and empathy for the feelings of others, whether victims or otherwise.

I end by asking a question that most people do not ask themselves. Each week, how many people in this country commit a serious criminal offence for the first time, one for which if they are caught and convicted they could be sent to jail for six months or more? I will give way just once to anybody who can give me the answer.

One would have thought that, dealing with crime and punishment, we would all be interested in knowing the answer to that question. The figure is about 1,800 people a week, who are mostly male and under the age of 30, who for the first time are convicted of an offence for which they could be sent to jail for six months or more. So the figure is presumably above 1,800 a week. A third of all men under the age of 30 have been convicted of an offence for which they could be sent to jail for six months or more. I think that the fact that most of the dispositions are not to send those men to jail is a good thing, although some of my hon. Friends and others in other parties might disagree. I think that we are talking about something that is rather common, and the provisions for allowing prisoners to vote are entirely separate from the issue of how we reduce the number of criminals.

Having said that I would end, I will say it again. When I was Minister with responsibility for painting white lines in the middle of roads, which is quite a dangerous position, rather like my position in this debate, it was estimated that young men drove cars after having consumed more than the legal limit for alcohol—which was a socially acceptable, body-bending, illegal habit—2 million times a week. Within 2.5 years, that figure appeared to have decreased to 600,000. We cut that crime, which killed 1,200 people a year, by two thirds in 2.5 years with no change in law, sentencing or enforcement.

If we are seriously interested in reducing the number of victims, which is why we are interested in reducing crime, and in having fewer criminals, the way to do it is not by having long arguments about whether to give prisoners the vote; I would vote to do so straight away. I would also try to spend more time on effective reduction of the amount of crime in this country. I hope that this debate will be one of the first steps to doing so.

10.30 am

Mr Peter Bone (Wellingborough) (Con): It is a great pleasure to follow my hon. Friend the Member for Worthing West (Sir Peter Bottomley) in this debate. I congratulate him on his knighthood. Perhaps one reason why he got it is that he is an independent Member of Parliament who has always been willing to go against the popular tide. I also congratulate my hon. Friend the Member for Kettering (Mr Hollobone) on introducing this important debate. I must say that I am on his side on this issue.

I am aware that the winding-up speeches will start in nine minutes' time, so I will be extremely brief. Three members of the Backbench Business Committee are in the Chamber today, as are 24 coalition Members and a number of Members from Her Majesty's Opposition. It is wholly inappropriate that this issue should be left to a Westminster Hall debate, as Members speaking on all sides of the argument have said, so I will not discuss the issue itself, as it should be debated in the main Chamber under a substantive motion. I urge hon. Members to go along to the public sitting of the Backbench Business Committee next Tuesday and argue the case for having this debate in the main Chamber on a substantive motion.

The only thing that I will say on the issue is this. We have discussed the coalition Government's four-year rule. It is a classic case of the Government saying something and then caving in later—by reducing it to a year, for example—and saying, "There we are; we've listened to Back-Bench Members of Parliament, and we're complying." To me, the issue is straightforward: either no prisoners should have the vote, or all prisoners should. The arguments are clear. It either is or is not a good thing for society that prisoners should have the vote. If it is a bad thing, then no prisoners should have the vote; I take that view. The other, crucial matter is parliamentary sovereignty and who decides the laws of this country. That issue must be developed in much greater depth during a longer debate.

Philip Davies: My hon. Friend says that the Government have gone too far in order to be seen to be scaling back. Is not the other alternative that they have gone so far as a sop to our coalition partners? Does my hon. Friend agree that if that is the case, the Government have forgotten once again that they are in coalition with the Conservatives as well as the Liberal Democrats? It is rather ungrateful of the Liberal Democrats that only one has bothered to appear to support the Government's sop to them.

Mr Bone: I thank my hon. Friend for his intervention. There may well be some truth behind it. I will conclude so that other Members can speak. Again, I hope that hon. Members will go along on Tuesday and urge the Backbench Business Committee to hold a debate on this subject in the main Chamber.

10.34 am

Mr Dominic Raab (Esher and Walton) (Con): I, too, congratulate my hon. Friend the Member for Kettering (Mr Hollobone) on securing this debate. It is important because it asks a fundamental question: who is in charge of our criminal justice system and our democracy? In the time available, I will focus on the latter. The right to vote, hon. Members will recall, is not included in the European convention itself but in a protocol to that convention, for good reason. The French proposed including the right to vote in the convention, using language referring to universal suffrage. The British objected: the travaux préparatoires to the convention, which are publicly available, say explicitly that we did so because we wanted to retain restrictions on the franchise, including for prisoners. The proposal for the protocol returned two years later with the offending language removed. By the way, that was under Churchill.

I make that point because it is absolutely clear that Britain did not sign up to that idea. It is important as a matter of interpretation of international law under the Vienna convention. The Strasbourg judges should have heeded it; it is a basic canon of the interpretation of treaty law, and it is obviously critical as a matter of basic democratic accountability. We did not sign up to the idea.

It is one example among many of the rampant judicial legislation that has come from Strasbourg since the 1970s. The law of negligence as it affects the police was rewritten in the Osman judgment. Not just right-wingers or tabloids got upset about that; Lord Hoffmann, until recently the second most senior Law Lord, has complained bitterly about it judicially and extra-judicially. Deportation has been increasingly fettered, and Strasbourg has intruded into parents' right to determine how to discipline their children, overruling not only the prerogatives of elected lawmakers in this country but a jury. Now we face a demand to give prisoners the vote.

Strasbourg does not deny such judicial legislation. It embraces it, referring to the doctrine of the living instrument, according to which the convention is a living instrument which it is the courts' duty to update from time to time. Where did the mandate to engage in judicial legislation come from? Not from the convention or the protocol. It is not expressly or implicitly given anywhere. It was conjured up from thin air. My right hon. Friend the Member for Haltemprice and Howden (Mr Davis) made the point that Strasbourg is not only checking Governments but rewriting laws written by elected lawmakers. Why is that happening? Clearly, it is because Strasbourg is not really a judicial institution at all. I reviewed the CVs of all the judges in 2007. More than half had no prior judicial experience before going to the Strasbourg bench.

In the time available, I will make one point. The question is what to do now. There is one silver lining—the backstop written into the Strasbourg enforcement machinery. Strasbourg cannot enforce its own judgments, so if the UK refuses to adhere to this judgment, as I think it must, it cannot be enforced. Of course, we could face other awards against us in Strasbourg, including compensatory awards, or be referred to the Committee of Ministers, but the judgment is not enforceable in UK law. No sanctions will apply, and there is no serious prospect of our being kicked out of the Council of Europe. We can say no, given the political will.

My question to the Minister is this. If the Government are not willing to rebuff Strasbourg in this case, arbitrary as it is, at what point, if any, will they refuse to accept a ruling? How bad must things be before Ministers stand up for the prerogatives of elected UK lawmakers? If we

[Mr Dominic Raab]

do not draw a line in the sand now and send back a clear message, we are inviting even more perverse judgments in future. It is time to draw that line.

10.38 am

Dr Julian Lewis (New Forest East) (Con): The contribution made by my hon. Friend the Member for Esher and Walton (Mr Raab) was so excellent that I would happily have given up the two minutes remaining to me to hear even more from him. This is the situation in which we find ourselves: a democratic Parliament in a democratic country is being told that we are not allowed to decide primarily moral issues, by unelected judges in a court set up to deal with the trashing of human rights by dictators and by countries very different from ours. Winston Churchill was quoted earlier. He was a great war leader, but he was not famed for consistency in domestic politics. His twice crossing the Floor of the House is evidence enough of that. Were he here today, and had we a vote on the matter, I venture to suggest that he would not vote to give convicted prisoners the vote.

People do not go to prison for light offences these days, they go because they have done something seriously wrong. The real problem that we face is that judges all too often assert rights that really ought to be qualified rights as absolute rights. Even the right to life is not absolute, because it is infringed when countries legitimately go to war. Where the line is drawn should be a matter for democratic politicians, not unelected judges.

To conclude my remarks in the all too brief time that those of us who are against giving prisoners the right to vote have been allowed by those who spoke earlier and who are in favour of giving prisoners that right, I ask the Minister this: when the time comes, if the Government feel that they cannot draw the line in the sand, which I would love them to do, will they at least do the absolute bare minimum to comply with the judgment, because that is certainly not what they are proposing to do at the moment?

10.41 am

Chris Bryant (Rhondda) (Lab): I, too, wish you, Mr Benton, and all Members present a happy new year. I also wish myself a happy birthday, although I note that no one offered that unto me. I congratulate the hon. Member for Kettering (Mr Hollobone) on securing the debate. It is right that we should have the debate here and, as several Members have said, that there should be a proper debate in the Chamber so that many of the issues can be elaborated at greater length, so I hope that that will happen.

I do not wish to disturb the equilibrium between myself and the Minister, but I must excoriate him slightly, because thus far there have been only written ministerial statements on the matter. The policy should have been announced in the Chamber, not by written ministerial statement, and I say that because the Minister said on 2 November 2010:

"when decisions have been taken they will be announced to the House at the Dispatch Box in the usual way." [*Official Report*, 2 November 2010; Vol. 517, c. 722.]

That is not what happened. A written ministerial statement was snuck out—I never know what the past tense of sneak is—or sneaked out.

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): Put out?

Chris Bryant: Put out is less pejorative, and I want to be pejorative on this point. The statement was snuck out the day before Parliament adjourned for the Christmas recess. That is an inappropriate way to deal with Parliament, let alone with the politics of making a significant constitutional change in this country.

I am afraid that on this occasion I agree with neither my hon. Friend the Member for Stretford and Urmston (Kate Green), nor our new knight, the hon. Member for Worthing West (Sir Peter Bottomley), whom I congratulate on his knighthood. I believe that the tradition that prisoners should be unable to vote is older than the Forfeiture Act 1870, because prior to that, the property qualification was so significant that, in practice, prisoners would have been unable to vote anyway. Merely referring to the 1870 Act, although that was the point at which the idea was qualified in statute, is irrelevant. It is an old tradition and a fine one. I think that when one forfeits the right to liberty, one should forfeit the right to vote.

However, I disagree with those who have said that we should leave the European Court of Human Rights. I think that David Maxwell Fyfe was a pretty odious Home Secretary, but I agree with those who argue that he did a good job at Nuremberg in trying to ensure that human rights were protected across Europe. It is difficult for us to argue with Russia that it should comply with the European Court of Human Rights in cases such as that of Sergei Magnitsky if we do not comply ourselves.

I also believe that the Government have been entirely wrong to gold-plate the provisions that are being brought forward. If the cut-off comes at four years, that will mean that people who have committed many very serious crimes, including violent crimes and crimes of a sexual nature, and electoral crimes for that matter, will be able to vote, which I think is inappropriate. That will mean that close to 30,000 people in prison will be able to vote. Notwithstanding the comments that other Members have already made, I think that there will be logistical problems in various areas in the country, which I will move on to in a moment.

The proposals are far more generous than the arrangements in other countries. The hon. Member for Kettering referred to several countries but not to Belgium, where the line is drawn at four months. I wonder whether the Government simply got the words "months" and "years" wrong, because opting for four months would allow them to comply with the Court. In Austria the requirement is one year. In France there is an element of judicial decision making on who gets the franchise—I think that the Government intend to introduce that here—as the court decides whether someone should be deprived of the right to vote as part of the sentencing. The hon. Member for Esher and Walton (Mr Raab) commented earlier on how the French approached the creation of the Court in the first place and that their system arose because the Napoleonic code had always stipulated that. Of course, 13 countries still have complete bans, although it must be said that they are not countries that we would hold up as exemplars of liberal and civilised societies that comply with human rights.

I have 10 questions for the Minister, although I realise that he may be unable to answer all of them. I hope that he will write to me on any that he is unable to answer today, as the deputy Prime Minister has not responded to any of the letters that we have written to him on the subject—it has been quite some time now and I am looking forward to those replies. First, the current prohibition on votes for prisoners was introduced through primary legislation in the Representation of the People Act 1983, and amended by the Political Parties, Elections and Referendums Act 2000. Can the Minister confirm that the amendments to statutes to enable prisoner voting will be done though primary legislation, rather than secondary legislation, so that it can be amended on the Floor of the House? Secondly, were we to proceed with a one-year ban, rather than a four-year ban, can he confirm that that would meet the requirements of the Court and that, therefore, the four-year ban is entirely of the Government's choosing?

Thirdly, can the Minister confirm that more than 28,000 prisoners will be given the vote under the proposals, including around 6,000 who have committed violent crimes and 1,800 who have committed crimes of a sexual nature? Fourthly, the written ministerial statement states that prisoners will be able to vote in an area where they have a local connection. That seems, contrary to the remarks made earlier by several Members, to be a rather loose way of determining where they vote. What will happen if a prisoner wants to be registered in their prison, rather than in their home, or if they are registered in the place where they last lived but someone else is now living there? Frankly, they might not want someone who is serving time in prison to be registered to their home address. What provision have the Government made to ensure that that will not affect householders in their credit rating and in other ways? Will prisoners be entitled to anonymous registration, or will they be included in the electoral register, including details of their last known address, and what provisions will be made for candidates to be able to canvass prisoners?

As I understand it, the Government intend to allow judges to make specific recommendations on depriving people of the vote. On what grounds will a judge be entitled to remove the vote? Following the comments made by other Members, are there particular crimes that, while they might be subject to relatively short sentences of less than four years, should in all cases still see the perpetrator banned from voting? In particular, will the Government ensure that judges receive guidelines on when it will be expected that the vote be removed, and will those guidelines be made available when a Bill comes before the House? Will mentally disordered offenders or prisoners detained in mental health hospitals awaiting sentencing be entitled to vote under the Government's proposals? I hope that the Minister can answer many of those questions. Many Members are understandably angry about our inaction in the past, but I must say that I prefer our inaction on the matter to the Government's action thus far.

10.49 am

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): It is a pleasure to serve under your chairmanship, Mr Benton. I congratulate my hon. Friend the Member for Kettering (Mr Hollobone) on securing the debate, particularly on getting it as a kind of reserve option, and thank him for his generous remarks at the beginning of his contribution. As ever, of course, he and I will not fall out, even if we end up disagreeing. I would like to take the opportunity, as everyone else has, to wish all hon. Members a happy new year, although that does seem rather a long time ago.

I shall set out what the Government have announced and then try to deal with as many of the questions as I can. I will respond to questions which I believe are of interest to as many people as possible, and write to hon. Members about those that remain which I can not answer at this point. I will place a copy of the letter in the Library so that Members can see the Government's responses.

It is worth starting with a bit of background because hon. Members have mentioned it—I will get through this quickly. We have already mentioned that some prisoners—those on remand, for example—have been able to vote for some time. The bar on prisoners who are serving a sentence dates back to 1870, and successive Governments have maintained the position that those who have broken their contract with society by committing an offence and are imprisoned should lose their right to vote.

My hon. Friend the Member for Kettering opened the debate in a perfectly helpful way by quoting my right hon. Friend the Prime Minister, who made it clear that he does not want to make this change. To be frank, it is not something that I want to do, and I believe that many Government Members would rather not do it, but we do not have a choice. We have a legal obligation. To answer my hon. Friend the Member for Shipley (Philip Davies), the proposals are not a sop to anyone. The European Court of Human Rights made a ruling in the Hirst case, and we are legally obliged to comply with it.

It is worth reminding ourselves what the Court actually said in the Hirst case. It said that the existing bar on convicted prisoners—the blanket ban—was contrary to article 3 of Protocol No. 1 of the European convention on human rights. I believe that my hon. Friend the Member for Hendon (Mr Offord) referred to Mr Hirst. Although the ruling was given in his case, under the proposals that we will put before the House, he would not have been entitled to vote when he was in prison because he committed a serious crime and was sentenced to a lengthy term of imprisonment.

We in this country seem blessed—that is not really the right word. The most odious criminals appear to be the ones who run off to the European Court of Human Rights. Another odious criminal who took the Government to court—the judgment was announced before Christmas—also had been convicted of serious crimes.

The Government are following three principles in their approach. The first goes to the point made by my hon. Friend the Member for New Forest East (Dr Lewis). We have to meet our legal obligations, but we want to go no further than that. Secondly, we want to ensure that the most serious offenders are not given the right to vote. That is why we did not say that there would be no line, that the limit would be entirely up to judges. We want to ensure that there is a line, so that anyone above that length of sentence would not be able to vote. We recognise that the most serious offenders should not be able to vote.

Mr Stewart Jackson: Will the Minister give way?

Mr Harper: Let me make a little more progress. I am conscious that Members have raised many questions, and I want to try to deal with some of them rather than stack up new ones.

The third principle is to prevent the taxpayer from having to pay successful claims for compensation. One of the problems we have is that even if the compensation in an individual case is not significant, we in this country are blessed—again, that is probably not the right word—with lawyers who are assiduous, if there is money on the table, in running around and getting lots of people to sign up for cases under no win, no fee rules. Various Members have mentioned that there are already 2,500 cases pending. One can be certain that if there were a successful case for compensation, lawyers would quickly go around prisons to sign up prisoners for legal actions on the basis that there might be £1,000 compensation on the table. The Government would be faced with thousands and thousands of cases. We estimate that compensation in an individual case might be around £750 to £1,000, but multiply that by the thousands and thousands of prisoners who would bring cases if there were money on the table, and we would be looking at significant sums for the taxpayer. The one thing that would be worse than making these changes in the law would be giving hard-earned taxpayers' money to some of those criminals. I shall take my hon. Friend's question.

Mr Jackson: I thank the Minister for that explanation, but his argument would carry much more weight if Frodl *v.* Austria had been the last substantive case in the European Court of Human Rights on this issue. The ruling was very prescriptive and said, in effect, that the majority of prisoners had to have the vote. However, it was not the last case. As I made clear earlier, the last case was Greens and M.T. *v.* the United Kingdom, and paragraphs 112 to 114 of its ruling specifically made it clear that the Government had a range of options on which they could consult. It is not a question of the Government having to comply with the arbitrary limit of four years; that simply is not true.

Mr Harper: My hon. Friend makes a helpful point by referring to the Greens and M.T. judgment. This comes down to what several Members have said about whether we have the option of doing what the previous Government did, which was nothing. I am afraid that we do not. In that judgment, the Court gave the UK Government six months from the date that the judgment becomes final to introduce proposals. I can say to the hon. Member for Rhondda (Chris Bryant) that there are various ways of dealing with it, but the Government will introduce primary legislation in the House. That should deal with questions raised by several Members, including my hon. Friend the Member for Wellingborough (Mr Bone), who is a member of the Backbench Business Committee. Proposals for primary legislation will be put before the House, and Members will have an opportunity to debate them fully. We will not try to think of a different way to implement the judgment, but we want to ensure that we have a debate in the House.

Mr Bone: When?

Mr Harper: In terms of the timetable, we have to introduce proposals, not pass them. The Government's responsibility is to introduce the proposals before 23 August this year; in other words, before the House rises for the summer recess. The Court has suspended the 2,500 or so cases of people claiming damages on the basis that we will introduce proposals within the time limit. If we fail to do so, the cases will be revived and there will then be a serious risk that the Government will be faced with paying damages.

Let me deal with some other questions. To respond to my hon. Friend the Member for Kettering—this is his debate—the problem would not be fixed by somehow getting rid of the Human Rights Act 1998. Even if we were to sweep it away tomorrow, we would still be a party to the European convention on human rights and the ruling would stand. The debate on the Act is important, but it is not relevant to this matter.

My hon. Friend asked whether the UK was being singled out. We have to act because British prisoners took cases to the Court, on which it has ruled. Some of the other countries that still have a blanket ban have not been put in that position. If no prisoners had brought a case against the UK Government, we would not be acting. We are acting only because of the legal judgment. The hon. Member for Rhondda said that it had been his Government's preference to do nothing. It is our preference to do nothing, but we face a legal obligation.

Sir Peter Bottomley: That does not make it right.

Mr Harper: I, too, congratulate my newly knighted hon. Friend. He put his case in a measured and thoughtful way, as did the hon. Member for Stretford and Urmston (Kate Green). Apart from what she said at the beginning of her remarks—that this is, indeed, a legal judgment and that we are obliged to implement it—I did not agree with her arguments, and I am afraid that the Government and I do not agree with what my hon. Friend said either.

Let me try to answer some of the questions that were raised by several Members, including the hon. Member for Rhondda. He accused the Government of gold-plating the provisions. We absolutely have not done that. We set a limit which we believe is the minimum required to comply with our obligations. Moreover, in contrast with the previous Government, who were proposing to enfranchise prisoners for all elections, we have said that we will make a change only for those elections where we are legally obliged to do so: the Westminster and European elections. We will not do it for local elections or referendums. Importantly, we will not do it for elections for police and crime commissioners, or for mayors. We will do what is legally necessary and no more. That was not what the previous Government were going to do. They proposed enfranchising prisoners for all elections. That would have perhaps had some of the consequences for local elections that Members have mentioned.

Also, we will ensure that prisoners cannot register to vote at the prison. It would clearly be inappropriate to have significant number of voters at prisons able to influence the results of elections. It is also worth saying, as my final point—

Mr Joe Benton (in the Chair): Order. That concludes the debate. We must move on to the next one.

Parliamentary Representation

11 am

Andrew George (St Ives) (LD): It is a pleasure to serve under your chairmanship, Mr Benton. Given that we are debating an issue that will have a big impact on all the Members who are currently leaving the Chamber, I am sorry that there is such an exodus from it. I am delighted to have secured the debate, which will explore many of the issues that we did not have an opportunity to explore during the passage of the Parliamentary Voting System and Constituencies Bill—in spite of the large number of amendments that I and many others tabled. That was not due to the Government's programming of the Bill, which I do not necessarily criticise—I am sure the hon. Member for Rhondda (Chris Bryant) will when he gets the opportunity in a moment—but because of how we as a House managed the available time and engaged in a tremendous amount of repetition. We failed to get to grips properly with the issues that needed to be debated to improve the Bill before it transferred to another place.

This morning, I intend to explore Government policy on parliamentary representation in relation to the number of parliamentary seats, the drawing up of constituency boundaries, voter registration and the role of the House of Lords in revising what the Commons produces. The House of Lords is revising the Bill, which we passed to it after its Commons stages last year.

There are currently 650 constituencies. As I indicated to the Minister during the debate on the Bill, my concern is that the Government's approach has been far too timid, although I understand that perhaps there has to be compromise over the figures that were bandied about in advance of the general election. A figure of some 600 seats should not necessarily be hard and fast, but should be an indication of the size of the House of Commons. The current figure of 650 is an indication, and there could be more seats or fewer.

In his background reading, I am sure the Minister will have noted that seven years ago, on 15 October 2003, at columns 117 to 119 of *Hansard*, I brought forward a ten-minute rule Bill. The Representation of the People (Consequences of Devolution) Bill proposed a significant cut in the number of parliamentary constituencies, to about 500 in a first phase, because following devolution, and considering comparisons between the number of MPs in the United Kingdom Parliament and the number in Parliaments of similar sized countries in Europe and other western democracies, we were significantly over-represented.

There are countries in Europe in which the number of parliamentarians per 100,000 is higher than it is in the UK, but they all have significantly lower populations. All the countries with populations of about the same or more than the UK's have significantly different representation and fewer Members of Parliament. I strongly recommend that the Government revisit the figure and take a more flexible approach. Part of the reason why I wish to emphasise that point is that the figure of 600 could have been plucked out of thin air; it need not necessarily be interpreted in the hard-and-fast manner in which the Government are approaching the Parliamentary Voting System and Constituencies Bill.

I know that the Minister is well aware of the primary issue of contention because I and my parliamentary colleagues from Cornwall have raised it. I am pleased that my hon. Friend the Member for Truro and Falmouth (Sarah Newton) is here today. My hon. Friends the Members for South East Cornwall (Sheryll Murray), for North Cornwall (Dan Rogerson), for Camborne and Redruth (George Eustice) and for St Austell and Newquay (Stephen Gilbert) are unable to be here today but support the principle I will espouse, which is that we did not get a proper opportunity to debate constituency equality during the Bill's passage.

The Bill proposes that all constituencies have an electoral quota of approximately 76,000 with a margin of only 5% either way. It would carve up the country in a manner that would create bizarre constituencies and ignore important cultural, historic and geographic boundaries. We would end up with bits of islands, such as the Isle of Wight, attached to mainland constituencies, and place their MPs in an invidious position when two very different places they represent fail to see eye to eye on a matter of vital local importance. We do not want antiseptic constituencies with perpetually mobile boundaries. The five-yearly boundary review that would happen between each Parliament would mean an MP's attachment to their constituency being perpetually reviewed, so the sense of settlement with the communities they represent would be continually undermined.

The amendments to the Bill which I and other hon. Members tabled were unsuccessful, in that they were not selected or therefore debated. They sought to find circumstances in which the Boundary Commission was given sufficient discretion to work towards the target figure, taking into account reasonable geographic, cultural and electoral issues. We want the Government to allow places to make decisions for themselves collectively, provided that they do not request more favourable treatment, such as over-representation. I hope the Minister takes note of that. It is not about more favourable treatment but simply recognising the distinctiveness of places, which the Bill does not take into account.

Sarah Newton (Truro and Falmouth) (Con): I am grateful to my hon. Friend for securing this debate. Does he agree that in addition to the need to reflect distinct cultural and geographical differences in various parts of the country, to which he rightly referred, there are practical considerations? Cornwall, as in Devon, has more than enough people to enable it to remain whole. However, one in 20 properties is a second home and, rightly, people who are not normally resident in the county cannot register to vote. The Electoral Commission should have flexibility to consider such specific local factors when establishing boundaries.

Andrew George: I am grateful for my hon. Friend's intervention, and I will come to electoral registration and its inevitable impact on drawing up boundaries. The established rules follow case law to some extent, and the Electoral Commission is certainly clear about the interpretation of the relevant Acts. I agree that there is an issue that deserves further scrutiny and that will have a significant impact when drawing up boundaries.

Having said that, my hon. Friend the Member for Argyll and Bute (Mr Reid) and other hon. Members representing constituencies in Scotland, Wales and other

[Andrew George]

areas have made the point that many of the justifications for distinctive treatment of areas such as Na h-Eileanan an Iar, and Orkney and Shetland—they are identified in clause 11(6) of the Parliamentary Voting System and Constituencies Bill, although their distinctiveness is not elaborated on—could easily apply to other constituencies. The Government have a range of approaches for honouring and respecting the distinctiveness of many parts of the country. They could identify further specific exceptions beyond the two identified in the Bill, or they could establish a set of principles that underlie the reason for identifying those two constituencies and allow the Boundary Commission to determine where those principles might be applied.

In Cornwall and the Isles of Scilly, we believe that there is a self-evident case based on Cornwall's historical, geographic and constitutional significance, and that the boundary between Cornwall and Devon—many people in Cornwall consider it to be between Cornwall and England—should be respected not only with regard to parliamentary constituencies, but in all other matters. Indeed, the Government did so when drawing up local enterprise partnerships. One strong reason for that, with which my hon. Friend the Member for Truro and Falmouth will concur, is that the distinctiveness of Cornwall and the Isles of Scilly was identified, but such distinctiveness seemed, at least to the Government, not to apply in Devon and Somerset. I am not making a judgment about Devon and Somerset, and perish the thought that I would ever stray into their politics. The Government recognise this important issue in Cornwall, but do not provide an opportunity for the distinctiveness of that important historical and constitutional boundary to be respected.

There is a presumption in clause 11(6) of the Bill that Orkney and Shetland, and Na h-Eileanan an Iar should be preserved constituencies. Na h-Eileanan an Iar has a population of 26,500, an area of 3,070 sq km, and geographically is apparently as long as Wales. It is a long, spread-out constituency. Orkney and Shetland has a population of 42,000 and an area of 2,450 sq km. If the decision were based purely on area, my right hon. Friend the Member for Ross, Skye and Lochaber (Mr Kennedy), whose constituency has a land area of 12,780 sq km, would have a case for distinctive treatment.

I often compare my travel time with that of my right hon. Friend the Member for Orkney and Shetland (Mr Carmichael), who is entitled under the rules of the highly respected Independent Parliamentary Standards Authority to travel by plane, but I am not. His travel time is significantly quicker than travelling by train from the far west of Cornwall to London, so clearly travel time is not the basis.

On the difficulty of getting around constituencies, I am sure that my hon. Friend the Member for Argyll and Bute will recount his experience of travelling between the many islands in his constituency. As well as the 82,000 constituents on the mainland of my constituency—there were well over 100,000 before the boundary changes for the 2010 election—I have six inhabited islands, five of which are 30 miles off the west coast. It is impossible to get around my constituency in a day. It takes two days to do so by surface transport, and it is difficult.

I am not asking for special treatment, or for my constituency to be added to the list of preserved constituencies, because there is a strong case for equalisation, and the Government are right to work towards the principle as far as possible. I also want to make it clear to the Minister that I am not seeking to undermine my right hon. Friend the Member for Orkney and Shetland, who is not present, and would no doubt provide a range of other arguments for why his constituency should be given special treatment. No doubt the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) would come up with another range of arguments for his constituency being given special treatment when others are not preserved in the same way. I am simply making the point that I have spoken to them—I gave them notice that I would mention their constituencies in this debate.

I have been trying to fathom the reasons why those constituencies have been given preserved constituency status. I respect and want that because there are distinctive geographic, historic and cultural reasons for them being given special status, but if those principles apply to those constituencies, why do they not also apply to others, so that the special geographic and constitutional circumstances in which they exist are also respected?

For example, if we are looking at the whole area of a constituency, there is a significant sea area around mine, just as there is around the two I have just mentioned. My constituency is a maritime one, and a large proportion of its inhabitants exist not just on the land but in their trades at sea; those who go deep-sea fishing often go out for seven to ten days, to the continental shelf and sometimes beyond. If we were to take the whole working area of my constituency in the same way as we might take that of places where there are sheep on mountains here there are fish in the sea—its total area would be 195,500 sq km. I have visited some of my constituents when they have been more than 100 miles out at sea and I have boarded their fishing vessels, but I reassure the Minister that I do not seek to do that weekly.

My point is simply that there is a variety of ways in which to engage with one's constituents, particularly in this modern telecommunications age when people tweet each other across the world. It is not impossible these days to communicate with people in far-flung parts of one's constituency without regularly meeting face to face. I am not saying that that should be denied, simply that I would like to get a better understanding of what lies behind the notion of preserved constituencies and, if there is a principle there, of why it cannot be equally applied to other areas.

I am aware that some people might point to unavoidable disagreements and old rivalries between places. The Government are right to continue the practice of preserving and respecting the boundaries of nation states; there is no cross-border constituency between Scotland and England. Strangely, though, the old boundaries of the regions—the Government zones as I describe them—will be respected as well; I understand that there will not be cross-border constituencies between the south-west and the west midlands, for example. However, as there are unavoidable disagreements and old rivalries there is little point in creating new ones.

For example, a point that would be emphasised by my hon. Friend the Member for South East Cornwall were she present, is that the relationship between Plymouth and South East Cornwall is both harmonious and mutually productive, largely because both distinct communities

are assured of the security of existing within their own boundaries. They are ultimately responsible for their own destiny, but can, and indeed do, effectively co-operate, because they can enjoy both that mutual respect and their own security. Destroying that relationship by disrespecting the border would heighten the potential for conflict and mistrust, and would be counter-productive. I hope, therefore, that the Minister will consider that issue.

Briefly on voter registration, during the passage of the Bill we debated to a certain extent the fact that if the Government applied this regimented rule of equalised constituencies, it could be justified if one believed that the numerical basis on which the rule was applied regimentally was sound. The Government's own Electoral Commission report in March 2010 identified a wide range of variations in voter registration levels. The report, "The completeness and accuracy of electoral registers in Great Britain," states in its key findings:

"National datasets and local case study research suggest there may be widening local and regional variations in registration levels...Recent social, economic and political changes appear to have resulted in a declining motivation to register to vote among specific social groups. This is despite the fact that electors now have more options than ever open to them to register...Under-registration and inaccuracy are closely associated with the social groups most likely to move home...Each revised electoral register lasts for 12 months, from December to December; during that period, the rate of completeness is likely to decline by around 10 percentage points".

The justification for believing that we are achieving equalised constituencies is therefore rather suspect. As my hon. Friend the Member for Truro and Falmouth has mentioned, it is not just the issue of under-representation but the risk of over-representation, at least of those who choose to register and have an entitlement, to a certain extent, to register in more than one constituency because they own a second home.

In my constituency there are nearly 3,500 second homes according to the latest available figures on the 10% council tax discount for people with second homes. A large number of properties, however, have been taken off the council tax register because the owners, although they use the properties and might register to vote from them, have chosen to pay a business rate because they are also letting them. A large number of owners chose to do that for reasons of tax efficiency and the financial efficiency of their businesses. My hon. Friend the Member for North Cornwall has nearly 4,000 such properties in his constituency.

In a letter to me on 26 July 2010, Jenny Watson, the chair of the Electoral Commission, stated:

"With regard to second home owners, in our view it is unlikely that owning a second property which is visited only for recreational purposes would meet the residency qualification...Owning and paying council tax on a property alone is not sufficient to satisfy the residence qualification: although this may give an indication of connection to an address, it is not evidence of residence. However, each decision must be made on a case-by-case basis by the Electoral Registration Officer".

She goes on to cite case law, and the fact that illegal registration carries a potential fine of £5,000.

Thankfully, in time for this debate, the Minister has very kindly responded to a letter I sent to him on 7 December 2010 on this issue. He notes the issues that have been raised by the electoral returning officer for Cornwall council, and the suggestion that people who are registered in more than one local authority should be required to nominate a main residence, which would then be designated as the area in which they were eligible to vote. The Minister says that he will give the matter further consideration, stating:

"I have asked my officials to explore the issues connected with dual registration and will keep you informed of any developments."

That is helpful for today's debate. We know about the parallel issues regarding student registration. The issue needs to be addressed, and I hope that the Minister will do so.

The primary theme of the debate—I will bring my remarks to a close in a moment—is the Government's justification for applying this rigid approach to equality of constituency. The Minister is aware that the Parliamentary Voting System and Constituencies Bill is being debated in another place. On this occasion, as perhaps on other occasions when such constitutional issues have arisen, Members of Parliament have an interest in the legislation as it primarily affects them. In such cases, I argue that the Lords should have a greater say rather than a lesser say about the outcome, and I hope that the Government will take that on board.

House of Lords reform will be considered in due course, and we will no doubt pass comment on such reform. I fear that in the coalition agreement—something I have not entirely seen eye to eye with my party over—the Government have tended to get the issue the wrong way round and they seem to have engaged in a fashionable and populist view. Of course, superficially I can see that a directly elected second Chamber sounds attractive in many ways. However, the Government are considering how people get into the Chamber before they have considered what that Chamber is for. On Lords reform, I agree with the Government that the hereditary principle should not apply and that patronage is unacceptable. However, I hope that before we get too entangled in debates about how people might arrive in the second Chamber—if indeed we have a second Chamber, and I believe that we should—we will first have the opportunity to consider what the second Chamber is for. That might inform the debate about the best and most appropriate means by which people arrive in the House of Lords.

John Stevenson (Carlisle) (Con): I congratulate the hon. Gentleman on securing this debate. I am delighted that he has moved on to the subject of the House of Lords and its potential reform because I feel that the issue of the House of Commons has, to a certain extent, been debated and dealt with in the Chamber. We talk a lot about individual Members and the community involvement of a representative of a particular constituency. Can it be argued that while the House of Commons represents the population and should be proportionate to that, there is potential for House of Lords reform to be based around communities or regions? For example, Cumbria or Cornwall could be represented in the House of Lords. That would be regionally based and therefore different from representation in the House of Commons.

Andrew George: That helps me with the point I am making. First, we must consider what we need a revising Chamber for. I hope that it is for revision and sober second thought, but not to trump or usurp the primary Chamber. The hon. Gentleman makes a good point about how to ensure that all nations and regions of the UK are properly and fairly represented within the second Chamber. That is the second stage of the debate, but first we must understand what that place is for.

[Andrew George]

The hon. Gentleman emphasises that we have debated this issue and the Bill—I have been looking back over debates on the Bill that we have had in the Commons. However, if the hon. Gentleman studies such debates, he may agree with me that we have not had adequate opportunity to explore fully the aspects of the Bill that I have highlighted today, and I hope that the Minister has taken note of that. I suspect that another place will revise some aspects of the legislation that I have just described, and I hope that the Minister will reflect carefully on those amendments when they come before the Commons.

11.36 am

Mr Alan Reid (Argyll and Bute) (LD): I congratulate my hon. Friend the Member for St Ives (Andrew George) on securing the debate. I agree that when the Parliamentary Voting System and Constituencies Bill was on the Floor of the House, we did not have an opportunity to explore the issues as fully as we would have liked. I am glad to have the opportunity to do that today.

The role and purpose of Members of Parliament can be divided into two separate functions. First, we effectively form an electoral college for electing a Prime Minister, and secondly, we represent communities. Unlike the Scottish Parliament, for example, there is no formal vote in the House of Commons to elect a Prime Minister. As a Government can exist only if they have the confidence of the House of Commons, Members of Parliament effectively form an electoral college for electing a Prime Minister. It is clear that for the fair election of a Prime Minister, Members of Parliament ought to represent constituencies that have the same number—or as near as possible to the same number—of constituents.

The other role of Members of Parliament is to represent communities. It is obvious that not every community in the country is exactly the same size, and it is fair to have slight discrepancies in the number of people in each constituency, particularly when taking into account that representational role. When the representational role was originally introduced, for many centuries Members of Parliament represented whole boroughs or counties, some of which had more than one representative. In the early days, the representational role was considered more important and boundaries were drawn to that effect. Obviously, as the years went on and people moved, it became more important to have, as far as possible, the same number of electors represented by each Member of Parliament. However, we still have those two roles. Clearly, the role of an electoral college would support having exact numbers in each constituency, while the role of representation would need a bit of flexibility. We must reconcile those two different roles.

Until this Bill, the reconciliation of those two functions was left exclusively to the Boundary Commission. It has always had the flexibility to take community boundaries into account, rather than just seek the same number of electors in each constituency.

John Stevenson: Could that difference not be dealt with by the ways in which Members of the House of Commons and Members of the House of Lords are elected? That is a way those two issues could be reconciled.

Mr Reid: My hon. Friend makes an interesting point. I would like the electoral system for the House of Lords to represent larger communities—say, Scotland or the English regions. I think that the role of the House of Lords should be to represent those larger areas, rather than the smaller areas that Members of Parliament represent. I still think there is an important role for Members of Parliament in representing smaller communities.

As I was saying, the Boundary Commission has had flexibility in the past. Analysis of where the Boundary Commission has used that flexibility shows that the political effects of different constituency sizes have tended to cancel one another out. I am referring to the political effects of the Boundary Commission's decision to have flexibility, not regulations that we have had in the past about the minimum number of MPs that Scotland, Wales and Northern Ireland must have. Obviously, having a certain minimum number of MPs for Scotland and Wales in the past has tended to help the Labour party more than any other party, but with the setting up of the Scottish Parliament, the last boundary review had the same quota for Scotland as for England, and I think it would be fair for that also to happen for Wales. However, in relation to individual constituencies, analysis shows that the political effects of different constituency sizes tend to cancel one another out.

Analysis of recent elections has shown that it takes more electors to elect a Conservative MP than a Labour MP, but that is almost entirely down to turnout. The turnout is much higher in constituencies won by the Conservatives than in those won by Labour. That is the main effect. The secondary effect has tended to be that people move from Labour-held constituencies into Conservative-held constituencies. Clearly, if there is a long time between boundary reviews, that has an effect, so I fully agree with the Government that we should be speeding up the process of boundary reviews. It would not be fair to have an election in 2020 based on electoral data from 2000, which is what we would have under the present system.

Although I agree with the Government on the issues that I have mentioned, I do not think it necessary to have the 5% straitjacket or to have exactly 600 MPs. We should allow the Boundary Commission some flexibility. The number of MPs should be, say, 600 plus or minus five. It is important to put a cap such as that on the number, because in the past, when boundary commissions have used their discretion, the number of MPs has tended to drift upwards. The number has come down only when there have been constitutional changes such as independence for the Irish Republic or the abolition of the rule that meant that Scotland had on average more MPs than England, to which I referred. When it has been left up to the Boundary Commission, the number has tended to creep up gradually over the years. Therefore, having a cap is correct, but there should be a bit of flexibility—say, 600 MPs plus or minus five.

As a country, we are fortunate in having a politically independent Boundary Commission. Many other countries have boundary commissions in which there is political interference: the United States is an obvious example. We should allow the Boundary Commission a bit more flexibility than would be allowed by the Parliamentary Voting System and Constituencies Bill as it stands.

Chris Bryant (Rhondda) (Lab): I completely agree with the hon. Gentleman that the independence of the Boundary Commission, or the boundary commissions in Scotland, Wales and Northern Ireland, is vital, but they quite often get it wrong. In fact, invariably over the past few years, their first version has, as they themselves have readily admitted, not fitted the bill. That is why we think it very important to keep hold of public inquiries, whereby people can test in public the arguments about the shaping of constituencies. Does the hon. Gentleman agree?

Mr Reid: I am not convinced by the hon. Gentleman's argument in that regard. One of the things I have always found problematic with the present system is the fact that there are only 28 days for people or organisations to put in objections or suggestions. Many organisations—for example, community councils in Scotland—meet on a monthly cycle, and it was often just pure luck as to whether the community council was meeting at a time that would allow it to put in objections. Therefore, the Government's proposals in the Bill for a period of three months are very important. That will allow plenty of time for local debate. Twenty-eight days does not allow proper time for local debate, because by the time that a local newspaper has carried the detail of the proposal, a week of the 28 days will often be gone, and by the time that people get together and hold meetings, the whole of the 28 days will often be gone. The Government's proposal for three months but without a public inquiry will be an improvement, because it will allow local debate. Although there might not be face-to-face debates at a public inquiry, there will be local debates through the local press over a three-month period. That will allow many more people to participate than would be the case at a public inquiry. Ordinary people will not take several days off work to turn up to public inquiries, whereas they can engage in debate at local public meetings in the evening or in the columns of a local newspaper.

The 5% straitjacket that the Bill imposes is not an absolute principle, because there are exceptions for certain island groups and there is also a 13,000 sq km area cap. I fully support the clause in the Bill that says that Orkney and Shetland and Na h-Eileanan an Iar should have their own constituencies. Since 1918, independent boundary commissions have always allowed individual constituencies for those island groups. It was only at the last boundary review that Orkney and Shetland was written into legislation as having its own constituency, but the Boundary Commission still decided that Na h-Eileanan an Iar should have its own constituency despite its not being written into the legislation. I am fully behind the Government on that.

[Mrs Linda Riordan *in the Chair*]

As my hon. Friend the Member for St Ives said, however, we would like the Government to elaborate on the principles behind where the exceptions should be. We were not able to tease out from them during the debate on the Floor of the House why the two island constituencies I have mentioned were to be exceptions, but there were not to be exceptions for other islands. As my hon. Friend pointed out, part of the Isle of Wight will share a constituency with the mainland. There is also the island of Anglesey. Under the new rules, the constituency that it would be in would include part of the mainland of Wales.

While we are talking about islands, I want to draw the Minister's attention to my constituency, which contains many islands. In fact, it contains 25 inhabited islands. Thirteen of those have a public air service or a public ferry service, or both. I visit all those islands as part of my constituency tour. I sent the Minister a copy of the itinerary for my constituency tour, pointing out to him that it takes several weeks to get round the constituency.

That factor is important. Constituents are entitled to have the opportunity to meet their Member of Parliament face to face. As my hon. Friend the Member for St Ives pointed out, there are electronic means of communication these days, but that is no substitute for the Member of Parliament going to individual communities in their constituency and seeing the facts on the ground—or, as my hon. Friend pointed out, at sea. It is also important that constituents be able to meet their Member of Parliament face to face in their own community. I would therefore like the Minister to elaborate on the reasons why the two island groups I have mentioned were chosen as exceptions, and not other islands.

Let me give hon. Members some statistics. As I said, my constituency contains 13 islands that can be reached only by an air or ferry service. That compares with only three in Na h-Eileanan an Iar, because of all the causeways that have been built there. That means that every island in the island group is connected to Lewis and Harris, the Uists or Barra by a fixed link. Therefore, Na h-Eileanan an Iar is in effect three islands, whereas my constituency contains 13 islands that can be reached only by air or sea. If we compare Argyll and Bute with Na h-Eileanan an Iar, we also find that Argyll and Bute has twice the land area and three times the electorate. The Boundary Commission could therefore perhaps be allowed some flexibility to take into account islands and large areas where few people live.

Elsewhere on the highland mainland, the Government have introduced the 13,000 sq km rule. It is important to note that that rule will not result in the creation of new constituencies that are more than 5% under the quota, but it will create three constituencies that are a strange shape. To get within 5% of the quota and to meet the 13,000 sq km rule, the Boundary Commission will have to create three strange constituencies, each containing part of the Greater Inverness area and a large part of the rural highlands and islands. One constituency will comprise part of Inverness, going north and west all the way to Cape Wrath. Another will contain part of Inverness and go all the way west to include the Isle of Skye. The third will contain part of Inverness and go south and east. Those three constituencies will look very strange, and there will be little shared community interest between the different communities in them. As I said, we are supposed to represent communities, but someone in a remote, rural part of north-west Sutherland and somebody in the city of Inverness have little shared community interest.

That leads me to suggest that the Government are being too formulaic in simply writing in a 13,000 sq km cap without taking into account a constituency's size and shape. Let me give the example of my constituency. Loch Fyne, which is a long sea loch, cuts the mainland part of my constituency almost exactly in two. If some miracle happened and Loch Fyne were suddenly filled in, my constituency's land area would increase, which would take it closer to the Government's 13,000 sq km

[Mr Reid]

cap. However, it would also make the constituency easier to drive around, because I would no longer have to drive all the way up to the top of Loch Fyne and all the way back down the other side when I went from Dunoon, where I live, to the western part of my constituency.

Chris Bryant: The hon. Gentleman is not advocating filling the loch in, is he?

Mr Reid: Loch Fyne is a beautiful loch with beautiful scenery, and I am certainly not advocating filling it in; I am just giving an example of how the land area would increase if the geography were different. That would take us closer to the Government's cap, but it would also make it easier to drive across the constituency. The point I am trying to make is that land area by itself makes for too crude a formula, and the rules should take into account the constituency's shape and the difficulties of travelling around the constituency. It is difficult to write such things into a formula, which is why we need to give the Boundary Commission a bit more flexibility than the Government propose in the Bill. Islands, peninsulas, sea lochs and so forth must also be taken into account. The House of Lords will shortly re-examine the Bill, and I hope that the Government will be amenable to accepting amendments to give the Boundary Commission a bit more flexibility.

To sum up, I am fully in favour of capping the House of Commons, but, again, there should be a bit of flexibility. I am also fully in favour of speeding up Boundary Commission proceedings. Furthermore, although it is important that constituencies have close to the same number of people in each, it is also important to have flexibility to deal with the small number of constituencies with unique geographic circumstances—rural constituencies in the highlands and islands, the Isle of Wight and Anglesey, and constituencies in Cornwall. Members from those places have come to the House to speak to Ministers and argue for a bit of flexibility. The constituencies where the Boundary Commission would exercise flexibility would be a tiny proportion of the whole. Making provision for such flexibility would improve the Bill and mean that we represented much more cohesive communities than we would under the Bill as it stands. I hope the Government will listen. We are fortunate in having a politically independent Boundary Commission, and we should trust it with a bit more discretion over constituency and community boundaries.

Chris Bryant *rose—*

Mrs Linda Riordan (in the Chair): I call Chris Bryant.

Martin Vickers (Cleethorpes) (Con) *rose—*

Mrs Linda Riordan (in the Chair): I am sorry. Martin Vickers.

11.55 am

Martin Vickers (Cleethorpes) (Con): I am grateful for the opportunity to take part for the first time in a debate under your chairmanship, Mrs Riordan. I congratulate my hon. Friend the Member for St Ives (Andrew George), if for no other reason than that the debate gives me an opportunity to repeat the arguments that I made on the Parliamentary Voting System and Constituencies Bill on Second Reading. As I said then, there should be some flexibility in the 600-seat straitjacket, to borrow a phrase used by my hon. Friend the Member for Argyll and Bute (Mr Reid).

Those of us who have been involved in politics for many years will have had opportunities to redraw boundaries at various stages and to make submissions to the Boundary Commission. Whether we are dealing with constituency or ward boundaries, the fact is that the jigsaw never fits together. It is a big mistake to put the commission in a straitjacket and to limit it to 600.

It is important that constituents identify to some extent with the unit of administration in which they live. That applies nationally, and I am a great believer in the idea that the nation state is the ideal unit of government. It also applies at local level. My constituency had the misfortune to be moved into the county of Humberside in the 1970s, and the legacy of that lives on. People deeply resent being moved around in that way.

I served as a constituency agent for 15 years before my move to the House. I served in the Gainsborough constituency, a large rural Lincolnshire constituency neighbouring mine, and it made me appreciate that identities vary considerably over geographically relatively short distances of 30 or 40 miles. To be perfectly honest, people in Gainsborough had no interest in what happened 30 miles down the road. Incidentally, that constituency, with the exception of one ward, had the benefit of being within one district council area.

Continually changing boundaries will impact on the vitality and sustainability of local political parties. The democratic process needs viable local parties and associations, but constant boundary changes inevitably impact on their viability. Taking one ward out of a constituency can render the local party virtually bankrupt if the ward's financial make-up means that it contributes greatly to the party. We need to think seriously about that.

My hon. Friend the Member for Argyll and Bute spoke about the step-by-step increase in the number of Members over the years. Although it is true that there has been an increase, the population itself has grown significantly. I sat in the upper House during its debate yesterday, and I was reminded that there were 33 million electors in 1945. The number of eligible voters has now risen to 45 million. So, although I have no instinctive intrinsic objection to rounding off a reduction in the number, I think that it is extremely foolish to limit it to 600.

As to the point that my hon. Friend the Member for Carlisle (John Stevenson) made about reform of the House of Lords, I favour a predominantly elected upper House, and there is an opportunity, as he suggested in his intervention, to consider framing that House so that it clearly identifies with communities, particularly if we go along with what I regard as the misguided course of having 600 seats in the House of Commons.

12 noon

Chris Bryant (Rhondda) (Lab): I had not realised, Mrs Riordan, that the hon. Member for Cleethorpes (Martin Vickers), would sit down quite so suddenly, even though you gave me a warning just before he began his speech that I would soon be called.

I, too, congratulate the hon. Member for St Ives (Andrew George). I think he blames me for his not having been able in previous debates to make some of the arguments he has made today. I note from the giggling at the far end of the Chamber that that is probably the tenor of his argument. However, he has been able to discuss some of the issues today. He is right that some of them are being debated in the House of Lords at the moment. As I understand it, they have another 70 or 80 sets of amendments to deal with, and of course the process there is rather different from that in the House of Commons. Rather more time is being devoted to the Bill in the Lords, and some issues are being talked through in rather more depth. I hope that in what is sometimes a less partisan environment, some of the changes that the hon. Gentleman has advocated today will come about.

I note that the hon. Members who have spoken so far have constituencies that are called "something and something"; or rather, Cleethorpes is not really like that—the constituency is just called Cleethorpes—but I note that its Member of Parliament refers to it on his website as "Cleethorpes, Immingham, Barton and the Wold Parishes". That just makes the point that in the historic past, when there were either county or borough Members of Parliament, everyone pretty much knew who represented them. If someone was described as the Member of Parliament for Manchester, someone who lived in Manchester knew that that was their Member of Parliament. However, through the passage of universal suffrage, the enfranchisement of women, and the steady process of changing the franchise and drawing up constituencies in the 20th century, we ended up with many constituencies that are incomprehensible to voters. One of my concerns is that the Bill now in the House of Lords will lead to a greater sense of uncertainty for voters about who their Member of Parliament is.

It is relatively easy in the Rhondda. Those who live in the Rhondda know they do, and the physical boundary is relatively well known, so people can work out quite easily that the person referred to as Member of Parliament for the Rhondda is their MP. In cities it tends to be more complicated. I suspect that things are fairly straightforward in Forest of Dean. My anxiety is that some of the provisions in the Bill will make it more difficult for voters to see such matters with clarity.

John Stevenson: I am fortunate, in that I represent the city of Carlisle, which is easy to identify, but interestingly enough, in the seat of my neighbour, my hon. Friend the Member for Penrith and The Border (Rory Stewart), there are three district councils; one of the divisions of the county council is split between the two of us. In our experience, there does not seem to be that much of a problem in identifying which of us represents the people of the area. I question whether it is as big a problem as the hon. Member for Rhondda (Chris Bryant) thinks it is.

Chris Bryant: I do not question the hon. Gentleman's experience, although it is relatively new. However, things are certainly very difficult in many constituencies. I get more people thinking that they are in the Rhondda who are not than the other way round. People who live in Tonyrefail, who might one day—who knows?—be in the constituency of Greater Rhondda, but are presently in the constituency of Pontypridd, believe they live in the Rhondda. There is confusion, and my anxiety is that we should not make greater confusion for voters. Most of the time most voters do not worry about such matters. It is not the most important issue in their lives.

Andrew George: I entirely support the point that the hon. Gentleman is making. Indeed, the boundary of my constituency changed at the 2010 election and those constituents who used to live in my old constituency still contact me. Given the arrangements in the Bill, that sort of thing would happen at every election, so there would be confusion. The point really is that while the hon. Gentleman is content about representing a constituency that is wholly the Rhondda—as is the hon. Member for Carlisle (John Stevenson) about representing one that is wholly Carlisle—under the Bill, at some point a line could be drawn right through the middle of either of those constituencies.

Chris Bryant: Yes. For some strange reason I seem to have been up in Oldham recently. Oldham East and Saddleworth feels as it if it has been slammed together with no consideration of what constitutes a community.

I do not want to focus too much on that issue; I really want to talk about equalisation of seats. I cannot remember which hon. Member said it, but it is absolutely right that the apparent party political advantage to the Labour party from the fact that it takes more voters to elect a Conservative MP than a Labour one is far more to do with turnout than anything else. The equalisation of seats will make barely any difference, according to calculations done by virtually every academic so far, to the partisan advantage of one political party or another. For that matter, a 5 or 10% leeway would not make a great difference, on a partisan basis, to one or other party. In Labour constituencies there have tended to be smaller majorities, but still safe seats, whereas a Conservative safe seat tends to have a very large majority, because there is a much higher turnout.

I support equalisation to an extent, and certainly as things stand the situation is not right; it is not acceptable and there should be greater equalisation. However, I worry about the Government trying to get 99% of all seats within a very tight band. That is a much tighter band than in any other country, and it is being done on the basis of registered electors, whereas most other countries use population. The hon. Member for St Ives was right when he said it would be a mistake if, because of the Bill, we ended up with—I think these were his words—"antiseptic constituencies" with permanently mobile boundaries. That would not be good for representation of views in Parliament or for ensuring that a full cross-section of British society is here. Nor would it make it easier for people to understand who represents them, and to maintain that continuity.

To give one tiny instance, if a constituent comes to a Member with a case and the Member takes it up, it might take many years, as did many of the miners' compensation cases that I took up. Someone whose Member stops representing them because of the boundary change must start all over again, from the beginning, because the data protection people have said that MPs cannot hand the file over to another MP. *[Interruption.]* The Minister is saying something. I do not know whether he wants to intervene; perhaps he will respond later.

[Chris Bryant]

On a point of information, international comparisons are often cited regarding the need for greater equalisation. In fact, in the United States of America, if the same equation is made concerning how many voters it takes to get someone elected, Wyoming has nearly 10.5 times the representation, for population, of California. They base their arrangements not on registered or eligible voters, but on population. Sometimes it is good to equalise—but only to an extent.

It is important to recognise the distinctness of various parts of the country when we are drawing up boundaries. Some have already been mentioned. The Isle of Wight was referred to in some of the debates we had in the House of Commons. We believe that the distinctness of the Isle of Wight should be recognised in the statute, and hold a similar belief regarding Cornwall. I note that yesterday was the anniversary of the crossing of the Rubicon. I do not know whether the crossing of the Tamar is still an ambition of the Government. In one sense, Cornwall is only administratively in England. It has a distinctness that should be recognised. If there were a referendum in Cornwall on whether Cornwall should have Cornwall-only seats, there would be an overwhelming majority in favour. I hope the Government will think again on that matter.

Many of the same issues apply to Anglesey, though in that case it goes the other way in being too small, as opposed to the Isle of Wight being too large. The point was made about Argyll and Bute, and, although it did not sound like special pleading, of course it was. However, the point was well made: it is in many ways a sparser constituency than the highland seats. There is a strong argument for the distinctiveness of Argyll and Bute.

Although I understand the issues about Wales—in particular north-west Wales, where there is a high concentration of people with Welsh as their first language—a drive towards equalisation may, and in some academics' views will, lead to no parliamentary seat having a Welsh-speaking majority. That would be a mistake in terms of how the British Parliament is viewed in Wales, and would incense a greater sense of nationalism. The Government should recognise that.

My final point on specifics that should be recognised concerns estuaries. The hon. Member for Argyll and Bute (Mr Reid) referred to sea lochs, but it is important that wide estuaries such as those on the Mersey, the Humber, the Clyde, the Forth and the Thames should not be crossed when creating parliamentary constituencies. Some argue that that should apply to Welsh valleys, because of their peculiarities. It would seem odd if a small part of the top of a valley—even if there was no connecting road—was bunged into another constituency. However, I think most issues in the Welsh valleys can be addressed; there is no specific reason why not.

A 10% rather than a 5% leeway would mean there was no need to cross ward boundaries in the creation of seats. In some of the big city conurbations, that is important. There would be no need to cross county boundaries—all geographical and physical necessities that the land, or God or whoever has given us could be met, and there would be no dramatic harm to the representativeness that the Government seek to achieve in aiming for equalisation. I hope that, in striving towards their measures, the Government will look again at whether 10% might not be a better leeway than 5%.

I want briefly to say a couple of words about the number of seats in Parliament. The hon. Member for Argyll and Bute said that the number has always crept up, except when the Irish Free State was created and we cut the numbers. However, the measure we should think about first is the nature of the job of a Member of Parliament. International comparisons were made by the hon. Member for St Ives. However, to compare the UK with Spain, France or Germany—where Governments are not constituted in the same way—is to compare apples with pears and is therefore mistaken. Similarly, the powers held by parliamentarians in those countries are very different. In France, much more is devolved and done by councillors. We have far fewer councillors—one for every 3,000 voters, whereas in France it is one for every 110. Those comparisons do not bear examination.

As MPs, we create the Government; we are the electoral college, as it were, for the Prime Minister and the whole of the Government. All Ministers have to come out of Parliament, because the amendment in the 1689 Bill of Rights was lost. Dramatic cuts in the number of MPs would be a mistake. The number of constituents has grown and grown over the years, as has the amount of casework we are expected to do.

I have two final points. I wonder how the AV Bill—I cannot remember what it is called—

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): The Parliamentary Voting System and Constituencies Bill.

Chris Bryant: From a sedentary position, the Minister has helped me out. I wonder how the Bill is doing in the House of Lords. As I understand it, the Bill has to be out of the House of Lords in February in order to have the referendum in May. With another 70, 80, 90 sets of amendments, I wonder whether it is now possible for the Bill to have the two weeks between Committee and Report stages in the House of Lords, and come back to the House of Commons. I urge the Minister—indeed, I make him an offer: if he splits the two elements of the Bill, as we urged in the beginning, we could help him get his AV referendum in time for May.

House of Lords reform has been briefly mentioned by several Members. When are we going to have that Bill? It was originally going to be before Christmas, then at the beginning of the year, then in January. We hear rumours of March, April and May. When will we get the Bill?

12.16 pm

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): It is good to serve under your chairmanship, Mrs Riordan. Like my hon. Friend the Member for Cleethorpes (Martin Vickers), it is the first time I have done so.

I pay tribute to my hon. Friend the Member for St Ives (Andrew George) for securing the debate, and giving me and the hon. Member for Rhondda (Chris Bryant) the chance to spend the entire morning in Westminster Hall, debating a fascinating range of topics.

My hon. Friend the Member for St Ives ranged widely across a number of constitutional issues. I hope I will deal with all the points he raised, but I might be a little pressed. I will deal first with the issues he raised, as

it is his debate, and then touch on some raised by other Members. He started with the question of why the Government settled on 600 as the right number for the House of Commons. We were frank during the debate on the Bill. There is no magic about it; it is a judgment. The two coalition parties had different views before the election. They both wanted to shrink the size of the House of Commons: the Conservatives to 585, and the Liberal Democrats to 500, albeit with a change to the voting system. We settled on 600, which we thought was the right balance; as several Members have pointed out, constituencies should not be so large in population that Members could not do the job. With 600, most constituencies would be within a range that Members today would recognise, and we do not think it is an enormous leap.

The hon. Member for Rhondda said he would be against a dramatic cut in the number of MPs. The Government would be as well; we are not making a dramatic cut. We are making a modest reduction of about 7%. One can argue about it, but I do not think anyone can say that a reduction of 7% is dramatic.

I was aware of the Bill brought forward by the hon. Member for St Ives. He said that his Bill proposed a reduction to 500, primarily as a result of devolution. Prior to the formation of this Government, people argued that we should treat the parts of the United Kingdom that have a devolved Parliament or Assembly differently from those parts that do not, in terms of entitlement to seats at Westminster. That idea was put forward but the Government decided not to do that. We were keen to treat all parts of the United Kingdom in the same way, so the quota is a United Kingdom quota. Because of where we start from, the impact of the change in the number of seats will differ in different parts of the UK. That is because we want the weight of a constituent's vote to be equal across the United Kingdom, and that is an important principle.

My hon. Friend the Member for St Ives, supported by my hon. Friend the Member for Argyll and Bute (Mr Reid), wanted to know what principles guided us on the two exceptions. First, we wanted a set of principles that were widely applicable and that gave the boundary commissions the chance to allow it. We made only two exceptions out of the 600 seats for exceptional geographical reasons; the constituencies both have small populations but are large enough to sustain a Member of Parliament, as they do now, because of their dispersed geography.

I know that the matter is debatable. My hon. Friend the Member for Argyll and Bute demonstrated an encyclopaedic knowledge of his constituency, as one would expect from an assiduous Member of Parliament; he certainly taught me something. None the less, I still believe that the Government have made the right judgment about the two exceptional constituencies that he selected. I would not be so churlish as to suggest that he was pleading for anything special. However, the hon. Member for Rhondda did so; he engaged in special pleading for Wales, something about which those who participated in the debate on the Parliamentary Voting System and Constituencies Bill heard an awful lot. We heard much about the Welsh valleys and Welsh constituencies, as the record will show.

My hon. Friend the Member for St Ives and my hon. Friend the Member for Truro and Falmouth (Sarah Newton), who is not in her seat, made some specific points about Cornwall. My hon. Friend the Member for St Ives spoke about what he called—I have to be careful here—the border between Cornwall and England. I think that he raised exactly the same point when we were debating the Parliamentary Voting System and Constituencies Bill. He referred today to the length of that debate; we had eight days of debate in the House, and he has obviously had the opportunity today to expand on the points that he made then.

In response to that debate, I said that although that view is shared by some in Cornwall, the Government's position is that Cornwall is part of England and the United Kingdom; we do not recognise that boundary in quite the same constitutional way as does my hon. Friend the Member for St Ives. I understand why my hon. Friend takes that view, but I was surprised that the hon. Member for Rhondda appeared to suggest that the boundary had constitutional significance. I do not know whether the Opposition have changed policy and are trying to separate Cornwall from England, but I do not suggest that my hon. Friend takes that view.

My hon. Friend made some good points, including about the difficulty of getting to London from his constituency. That is something that he and I can both take up with First Great Western. I see that my hon. Friend the Member for Weston-super-Mare (John Penrose) has arrived for the next debate; he, too uses that train service and will concur. That will be the best way to deal with that problem.

My hon. Friend the Member for St Ives accepted in general the strong case for moving towards equal seats. I was most impressed by his novel arguments, which I have not heard before, for claiming significant parts of the Atlantic ocean as part of his constituency. We might get into all sorts of territorial difficulties if we did so, but it was a novel idea.

My hon. Friend and his fellow Members of Parliament for Cornish seats met the Prime Minister and me to make a pitch and to explain why they believe that the nature of Cornwall is unique. I would leave him with this notion. The Government do not subscribe to the view that one cannot represent constituents in Cornwall and other parts of the country, Devon being the most obvious. "We already have Members of the European Parliament who represent the whole of the south-west of England, and so represent constituents in Cornwall, in Devon and, indeed in Gibraltar perfectly ably." Cornwall and Devon also share a police force. The border is not inviolate.

I do not accept the argument put by my hon. Friend the Member for St Ives, although I know that my hon. Friend the Member for South East Cornwall (Sheryll Murray) shares his view, about a Member of Parliament representing, say, part of Plymouth and part of Cornwall. Of course, some things are more important to one group of constituents than to others, but that is true of many constituencies. I have a fairly large rural constituency, and at one end of it a particular range of matters will be important that have no connection with those at the other end because of the distance. Nevertheless, I have to represent them all and understand all those issues. That is part of the job of being a Member of Parliament. The Government do not share the view that it is impossible to deal with that.

Andrew George: Of course it is not impossible to represent Gibraltar and Cornwall; nor is it impossible

[Andrew George]

to represent places on either side of the Scottish border. However, the Minister has rather inventively twisted some of my evidence on what was so exceptional about the two constituencies that have been preserved. The question that he must address is what is the problem in allowing the Boundary Commission reasonable flexibility to allow constituencies that have a clearly shared view about where their boundaries should lie? That is particularly so as those areas outside them would not be affected and certainly would not be protesting against such a settlement.

Mr Harper: The principle that votes should be of more equal weight across the country is important. Several Members have used words and phrases such as straitjacket and the rules being too tight. If we were to say that all constituencies had to be exactly the same size, my hon. Friend's argument would have some force. However, although we are reducing flexibility there is still a 10% range in the size of constituencies. Based on the 2009 data, constituencies will broadly range from about 73,000 to almost 80,000. There is still a fair bit of flexibility, which allows the independent boundary commissions to take account of issues such as local authority boundaries, community boundaries and the geographic features that we have to contend with.

In evidence to the Political and Constitutional Reform Committee, the boundary commissions said that they would be perfectly able to deal with the rules proposed in the Bill, and that it would not present them with insuperable problems. We are fortunate that the four boundary commissions are politically independent. Those who pretend that some sort of gerrymandering exercise is going on are simply wrong. That phrase emanates from the USA. As one of my hon. Friends said, it is not that there is just some political interference there; in some parts of the United States, the boundaries are drawn up by the legislatures. It is not that there is interference, but it is a political decision on where the boundaries should be. We do not do that here. Parliament sets the framework, but decisions about where the boundaries should go are taken by boundary commissions.

Andrew George: That is the nub of the debate. The exception argument for the two preserved constituencies that the Minister has advanced this morning does not deal with the question of why that principle was decided upon, and why that reasonable flexibility should not also be applied for other constituencies.

Mr Harper: I shall deal briefly with the other two points raised by my hon. Friend, as they were important, particularly so in his part of the country. He was right to draw attention to the need for an accurate and complete electoral register. Our electoral registration system means that 91% or 92% of eligible voters are registered. Internationally, that is pretty good. However, the Government are not complacent and want to do better. That is why I wrote to every local authority in the autumn, inviting them to take part in pilots to consider using public sector databases to improve the accuracy and completeness of the register. We had a good response, and I shall announce which local authorities are to participate in those pilots in due course.

I wrote to my hon. Friend about dual registration, which I know is important in Cornwall. He referred to people who own second homes and who choose to pay business rates because they let those properties. The rules are fairly clear. People who let their property are not entitled to register to vote. There must be a residence qualification, and there is case law on the matter. Electoral registration officers have to make such decisions on individual cases, and they should do so. I have received letters from people who object to not being allowed to register to vote, but one test is for the electoral registration system to be robust with them. Those who own a second home who pop there for only a week every year for a holiday will almost certainly not fulfil the criteria for being resident and entitled to vote. Local authorities could do a lot to help with that.

World Heritage Status (York)

12.30 pm

Hugh Bayley (York Central) (Lab): Every MP is proud of his or her constituency, and I, like the hon. Member for York Outer (Julian Sturdy), am specially privileged to represent the city of York. As the new film "The King's Speech" puts King George VI very much in the public eye, let me remind Members that on a visit to the city, he said that the history of York was also a history of England. When I tell people that York is applying for UNESCO world heritage status, they often express surprise that York has not already achieved such a status. To see why, one just has to look at York's city walls, York minster, which is the largest gothic cathedral in northern Europe and contains some 60% of our country's mediaeval stained glass, and the Roman Multangular tower that still stands 10 metres above the ground.

When I speak to people from abroad and tell them that I come from York, everyone, without exception, has heard of the city, and many have visited it in the way in which they have visited Florence, Athens or Jerusalem. York has an enormous international reputation, but I am afraid that that has made us complacent. Until a few years ago, we did not seriously think of applying to UNESCO for designation as a world heritage site, because we knew that we lived in one of the most precious gems in the western world and thought that nothing more needed to be said or done. I pay enormous tribute to Janet Hopton, who has led the campaign locally to seek world heritage designation for the city of York. I stress that it is a citizens' campaign; it is a campaign that has come not from politicians but from the people of York. None the less, the campaign has all-party support, and we will hear in this debate from the city's two Members of Parliament.

Over the past three years, I have worked with the Department for Culture, Media and Sport and the Minister's predecessors, my right hon. Friend the Member for Barking (Margaret Hodge) and Barbara Follett, the former Member for Stevenage, to discuss how we in the UK can possibly get the door open again so that UNESCO will consider bids from cities such as York. I should like to thank the Department and the Minister's officials for their support over that period.

If York had applied for this status a decade ago, I am pretty certain that our application would have been accepted. Now, however, UNESCO understandably and rightly wants to see a balance in its world heritage list. There are already many great walled cathedral cities in this country and other countries on the list, and UNESCO has new ambitions. It may not accept an application for the built heritage of a city such as York. That has made us think more clearly about what is absolutely unique and irreplaceable about York, and we came to the conclusion that it is not what is immediately apparent—the Roman, the Viking or mediaeval built heritage. It is not what is above ground, but what is still hidden underground.

York has been continuously inhabited as a city for 2,000 years. It is built at the confluence of two rivers, the Ouse and the Foss, which makes the ground waterlogged. Such unique anoxic conditions—conditions where the water prevents oxygen getting to objects buried in the ground—preserve centuries-old objects, which, in any other place, would have disintegrated. The water preserves organic material, such as wood, leather and textiles, that otherwise would simply rot away.

We have a Viking shoe and Viking cloth from the Jorvik dig. Wooden buildings from Jorvik can now be seen plank by plank, beam by beam, in the same way in which they would have been seen 1,000 years ago had they not been buried. Even the leftovers from meals are available for analysis. They tell us what people ate 1,000 years ago. There is nowhere else in western Europe with similar anoxic conditions. We know a lot about York from the excavations that have taken place, but only 2% of the ancient city has been excavated; 98% is fully preserved. That is what needs UNESCO's designation and protection.

If successful, York's bid would provide the only UNESCO world heritage site inscribed solely on the basis of its underground deposits. York's unique subterranean heritage is complemented by world-class archaeology in teaching, research, conservation and entrepreneurship. The university of York's department of archaeology is a centre of excellence in computing for archaeology and bio-archaeology through its environmental archaeology unit. The Council for British Archaeology, which promotes public engagement with archaeology, is a national body but is based in the city of York. The York Archaeological Trust is respected as one of the most successful archaeological trusts. It dug Coppergate 30 years ago and not only produced an incredible record of what life was like in Viking Jorvik but turned archaeology into a commercial success.

Some 17 million visitors have visited the Jorvik Viking centre since it opened in 1984, including the former Prime Minister, Tony Blair. I encourage the present Prime Minister and his family to come and join the many who have visited the Jorvik Viking centre, because I know that he visits north Yorkshire from time to time. The Archaeological Trust also runs the dig centre, which provides hands-on opportunities for young people to experience archaeology. There are also many other bodies based in York, such as the York Glaziers Trust, English Heritage, the Civic Trust, the Georgian Society, the Mediaeval Guilds, the Archaeological Data Service and others. Between them, they create a culture of support for scientific study and conservation of this wonderful and great city, which the hon. Member for York Outer and I have the great privilege to represent.

This bid looks to York's future as well as its past. We receive 7 million visitors a year, who spend almost half a billion pounds in York, which sustains 20,000 people in employment. We have a visitor economy; people have come to the great cathedral city of the north of England for centuries. The only thing that we really miss in York is a good saint, with relics in the minster. World heritage status would protect and enhance the city's global reputation.

Julian Smith (Skipton and Ripon) (Con): Just on the economic benefit that the hon. Gentleman describes, Skipton and Ripon has one of the other Yorkshire world heritage sites of Studley Royal and Fountains Abbey, and one cannot underestimate the huge benefits that such a status gives to the local economy. I pay tribute to my hon. Friend for his campaign and give it

[Julian Smith]

all my support. For Skipton and Ripon, it makes a huge difference and it would also make a huge difference to York.

Hugh Bayley: That is a very valuable, very kind and very important testimony, because there are some people who believe that world heritage status would act as an economic deadweight on the city and it is my very strongly held view—one shared by all the parties on the city council—that nothing could be further from the truth. Inappropriate development of buildings in York cannot, should not and will not take place whether or not the city gains world heritage status, because York has a duty to respond as if it had the status whether it wins it or not. Nevertheless, the increased international recognition and support that York could receive to preserve the heritage of the city as a result of designation would further benefit the visitor economy.

I should perhaps say how pleased I am to see other Members from Yorkshire here for this debate—the hon. Member for Selby and Ainsty (Nigel Adams) and the hon. Member for Colne Valley (Jason McCartney)—as well as my fellow representative of the city of York, the hon. Member for York Outer, all supporting the argument that I am making to the Minister.

I have a few questions to put to the Minister. I would like him to clarify for us the timetable for the decisions by the Department for Culture, Media and Sport on the tentative list of bids for world heritage status. I ask him personally to read York's bid; I know that there are 38 bids, but I would like him to give a commitment to us during this debate that he will read York's bid. I want to tell him that he is welcome to visit York, to see what is being proposed and to discuss with some of the archaeology and heritage bodies in the city why the bid is so important. If he is not able to visit York but would like further briefing, we can arrange for people from the city to come and visit him down here in Westminster. I also want to ask him how many of the 38 applications he believes will end up on the tentative list and, finally, how many of those he would expect to receive approval from UNESCO and when.

Those are my questions to the Minister. I will sit down now, to leave a little time for the other Member for the city of York, the hon. Member for York Outer, to make his own contribution to the debate.

12.41 pm

Julian Sturdy (York Outer) (Con): Thank you very much, Mrs Riordan, for calling me to speak. It is a pleasure to serve under your chairmanship today.

I congratulate my neighbouring parliamentary colleague, the hon. Member for York Central (Hugh Bayley), on securing this very important debate for our great city of York and I warmly welcome his speech, which I know comes from a great depth of knowledge. We may represent different political parties, but I have no doubt that he shares my desire to serve our great city for the benefit of all its residents. Indeed, as he has already mentioned, this bid for world heritage status has cross-party political support in the city, which is very important. It is vital that we put aside our tribal differences on this occasion and promote what is great about York and its bid for world heritage status, because a successful bid would be so important for the city.

Of course, I am aware that time is short in this debate and it is very important that we hear from the Minister and give him plenty of time to respond to the debate. The hon. Member for York Central has put some specific questions that I would also like to hear the answers to.

The hon. Gentleman has also outlined the background to York's bid and he made some very powerful arguments supporting the city's attempt to be placed on the tentative list for world heritage status. Indeed, I fully subscribe to all the points that have already been made in the debate. The hon. Gentleman talked about people within the city and visitors to the city who are surprised that York is not already on the list for world heritage status, and I share their view; I have had that same experience of people expressing surprise that York is not already on the list. That is a very important point to make in this debate.

In my opinion, York's outstanding range of archaeological gems is almost unprecedented in the United Kingdom. The city boasts Roman cemeteries, trading settlements and other deposits that can be traced as far back as the seventh century AD. However, thus far we have only scratched the surface. I know that the hon. Gentleman has already mentioned this point, but it is very important: local experts believe that only 2% of the city has been excavated so far, leaving 98% undiscovered. That is an important point that we must mention in this debate and in the wider context of the bidding process.

Indeed, it is the potential for further archaeological finds and breakthroughs that I find the most fascinating aspect of this whole process. Crucially, the bid is not solely reliant on the deposits that have already been discovered, although they are remarkably impressive. I am grateful to see so many of our regional colleagues here today, and Members who attended an earlier meeting will have seen some of those impressive artefacts. Nevertheless, we must also give great consideration to what we have not yet seen and what can potentially be discovered. In my view, we must ensure that a successful world heritage bid is not the end of the process but the beginning of a whole new chapter in the history of York and its archaeological finds. Building a legacy, rather than merely celebrating a legacy, is at the core of this bid.

The department of archaeology at the university of York is already recognised worldwide as a centre of excellence in the teaching of archaeology, and a successful bid would further boost interest and funding, ensuring that York remains a world leader when it comes to pioneering archaeological research.

The bid has attracted support from across the city. As I have already mentioned, there is cross-party support for it and again I want to say how grateful I am to see so many colleagues from the wider region here to support the bid today.

I also want to take this opportunity to praise the York world heritage steering group, which has led the bid with determination and vigour since 2006. We must pay tribute today to the group's determination to see this whole process through and the experience that it brings to the process.

For me, the potential benefits of a successful bid are countless. First, there are potential economic benefits, which are important. In the past, arguments have occasionally been made against the world heritage bid on the economic front, but I think that those arguments are invalid. On the economic front alone, it is estimated that 23,000 jobs would be safeguarded by a successful bid, with the potential for many more jobs to be created, which would further enhance York's vital tourism sector and contribute substantially to our local economy.

Jason McCartney (Colne Valley) (Con): I thank my hon. Friend for giving way and I congratulate the hon. Member for York Central (Hugh Bayley) on securing this wonderful debate. As a Member of Parliament for a west Yorkshire constituency and as someone who was born in north Yorkshire, I hold the subject of the debate very close to my heart. York is a wonderful city. We have already heard lots of wonderful facts about it. Personally, I love bringing my children to the National Railway museum; I love meandering down the Shambles; I like showing Australians around York Minster, and we all enjoyed Royal Ascot when it was held at York race course just a few years ago.

So I just want to stress that there is cross-party support across the region for this bid and I am very proud to be here today to support this application for York to receive world heritage status. Good luck to everybody here, and I hope that the Minister can take on board all our cross-party regional support for this bid.

Julian Sturdy: I thank my hon. Friend for those kind words. It is really important that we already have cross-party support for this bid, as well as regional support, because this process is not just about York; it is about the region too and York is a key city within our region. If it is successful, the bid can bring so much to the city of York and to our great region, benefiting the regional economy and particularly tourism. That is another important point to take away from this debate.

York truly is a beautiful city, set in God's own county. As a proud, born-and-bred Yorkshireman, I know that York's heritage is world-class; not only the archaeological side but, as has already been mentioned, the National Railway museum and the Minster. I remember taking my children to the National Railway museum; indeed, I still take them. The city walls, the minster—it really is a fantastic city.

It is a travesty that York is not already a world heritage site and its historical importance must be recognised. I urge the Minister to do all that he can to support York's bid, without compromising his position. I understand his position in the bidding process, but I urge him to do all he can to support the York bid as we enter what is undoubtedly a crucial phase. I look forward to hearing his comments on the bidding process.

12.49 pm

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (John Penrose): It is a pleasure to have you in the Chair, Mrs Riordan, to look after us during this important debate. I congratulate the hon. Member for York Central (Hugh Bayley) on securing it and being supported by my hon. Friend the Member for York Outer (Julian Sturdy) and other MPs from the Yorkshire area. It is timely, given where we are in the process of assessing the various applications for world heritage site status, and it demonstrates strongly the widespread cross-party support that MPs have mentioned. It is reassuring to see such support not just in Parliament but, as I understand, at a local council and local government level. I am sure that it will underpin the bid's many strengths and help it dramatically.

I was thankful for a comment made by my hon. Friend the Member for York Outer at the end of his speech. He said—I hope that everybody here will understand this—that I will have to be a bit careful in my remarks, as I must not prejudice my position in advance of the independent report from the committee of experts currently considering the various applications. I hope that everyone here will understand that although I share many of hon. Members' views on the quality of York's bid, I must ensure that I take a decision after comparing it against what I am sure will be strong bids in the other applications. Although I agree enthusiastically with many of the points made about York's qualities, no one should take that as a prejudice in comparison to the strengths and weaknesses of other bids. Others out there will also be good.

From the UK's point of view, it is particularly important that we have as many high-quality bids as possible. As the hon. Member for York Central pointed out, world heritage organisations have become a great deal more choosy and careful about what kinds of application they are willing to accept, and are raising the bar. To paraphrase him, a large number of northern European cathedral cities, many of which are excellent, wonderful and fully deserving of their status, are world heritage sites. As York is not one of them already, it must distinguish itself in some other way, because there are many other deserving sites in other parts of the world that also deserve proper consideration. He was right to draw that to our collective attention.

The hon. Member for York Central asked whether I would like to visit York. I already have. I am delighted to say that after I became Minister with responsibility for heritage, I did an extensive tour of Yorkshire. I spent some time in York and had the opportunity to see some of the attractions and heritage features that he mentioned, both above and below ground. He is absolutely right: there are some amazing things to see, from the city walls to the minster. I was lucky enough to be shown around the minster, as well as to see stonemasons working on the very fine stonework, which must be replaced continually due to the effects of anno domini on an amazingly complex and old building.

I also visited the Yorkshire museum, where at one point I had the chance to stand on a Roman mosaic set into the floor. I must confess that I was slightly conflicted about doing so. Part of me was amazed and delighted to see such a beautiful piece of Roman mosaic, but standing on it somehow felt wrong. It is a wonderful piece of interactivity. I am told that school parties going through the museum love the chance to interact with an incredibly ancient piece of architecture. However, I also worried, standing on it, that future generations might have half a millimetre less of it to enjoy due to the wear and tear of feet going over it.

There is no doubt that York has plenty to see, much of it involving the city's amazing architecture. However, as both MPs for York have pointed out, it has a huge wealth of heritage that is almost certainly undiscovered;

[John Penrose]

98% is the figure commonly used. Clearly, therefore, this is a great opportunity for more to be discovered and for continuing richness to be elaborated and shown to future generations.

The hon. Gentleman asked for more details about the process. I will summarise it briefly. In case I miss anything, I point out that we have put more details of the dates and timetable up on the Department for Culture, Media and Sport website; that should be happening about now. I am told that that information was on the DCMS website but, for some reason that no one can fathom, was taken down by accident recently. We are now putting that right, so more details will be available after this debate for anybody who wants to discover anything extra.

In broad terms, we have encouraged people to apply to be put on the new tentative list. We have received 38 extremely good and varied applications; I am delighted that we have had so many. Those applications are being considered by a panel of independent experts who are assessing them, weighing them up and comparing their relative merits. The panel is at work as we speak, and I expect it to report to me in March, when my officials and I will consider its report and decide on that basis.

The hon. Gentleman asked how many applications we are likely to put on the tentative list and how many applications on the tentative list are likely to be inscribed as world heritage sites. I am afraid that I cannot tell him, because that will depend partly on the report from the independent panel of experts. Clearly, the experts would not be very independent if I told them how many to choose; it will depend on their conclusions. We are allowed to propose only two individual sites from the tentative list for consideration in any given year. If we have a list of 20, we will put those 20 forward in a steady trickle rather than all at once. It will then be up to the world heritage organisation to decide which ones it wants to adopt. We cannot tell whether any will be successful. Obviously, I hope that as many as possible will be.

I will finish with a comment on the questions raised and certainties expressed by both Members for York about the benefits of world heritage status. I agree with both their comments. Some people worry that world heritage status might incur additional costs of one kind or another in increased heritage protection and preservation, or that it might stunt economic growth. I take a different view, as I think do most people. Particularly in places such as York, many entirely sensible measures necessary to preserve heritage are already in place. Little, if any, additional cost would be incurred.

Making it clear that a place is special and distinct adds to its aura and demonstrates that it is worth visiting and a wonderful place to live. It makes the place distinctive. It is not just a question of tourist pounds and dollars, although they are tremendously important for any local economy; it is also important from the point of view of the beauty and sense of a place, and what makes it distinctive, different and worth living in. Therefore, I argue that from a cultural, heritage and economic point of view, the benefits of being a world heritage site are tremendous for a location such as York, and for many other places as well.

Nigel Adams (Selby and Ainsty) (Con): I accept that point entirely. World heritage site status for York would undoubtedly boost its already fantastic tourism industry, but it could also have a knock-on effect in surrounding areas such as my neighbouring constituency. Selby has fantastic gems, including two famous battlefields and a wonderful abbey, and it was the birthplace of a king of England. I support the bid, and I hope the Minister will take on board the wonderful representations made by the hon. Members from York.

John Penrose: I thank my hon. Friend for his intervention. He is absolutely right that a halo effect can be expected from a world heritage site. I have no doubt that the benefits would knock on to other parts of Yorkshire as well.

My only point of difference is with the assertion by my hon. Friend the Member for York Outer that Yorkshire is God's own county. As someone from Somerset, which of course has better beer and better cricket, I cannot let that go by. Other than that—I had better stop before I get lynched—I am delighted that there is such strong and cross-party support for what I am sure will be an excellent bid.

Prisoner Transfer Agreement (Libya)

12.59 am

Damian Collins (Folkestone and Hythe) (Con): Today I want to ask questions relating to the negotiation of the prisoner transfer agreement with Libya, whether its conclusion made the release of the Lockerbie bomber, al-Megrahi, more likely, and whether, despite assurances that the decision to release him was one for the Scottish Executive to make alone, the UK Government set the stage for the release and could have intervened to stop it had they wished to do so. I am grateful that the Minister is here to respond to the debate, because his Department played a pivotal role in negotiating the agreement and advising Government Departments and the Scottish Executive on its consequences.

In December 2010, members of the United States Senate published their report on the release of Megrahi. Their conclusions are not much different from the views expressed by many other individuals who have followed the affair. They conclude that the UK Government were prepared to agree in principle to the release of al-Megrahi in return for the protection of British commercial interests in Libya, particularly those in the energy industries, and that they made it clear to the Scottish Executive that they wanted Megrahi to be released and did nothing to stop that happening. Many people find it hard to believe that the UK Government were powerless because the release was entirely a matter for Scotland and that they rightly chose to apply no pressure to Scottish Ministers on that. However, Parliament has not had the opportunity to explore the matter properly.

Like many other Members, I believe that the release of Megrahi was wrong, and like the authors of the US Senate report, I believe that there should be an inquiry to establish exactly how and why the release came about. I would rather see such inquiries and reports produced by Parliament or the UK Government. I also urge the Cabinet Secretary to conclude his review of the unpublished Government papers relating to the negotiation of the prisoner transfer agreement and the release of Megrahi. He was asked by the Prime Minister to conduct that review last summer, and we are eager for its results.

The purpose of the debate is not to bring forward any criticism of the Libyan Government, who have been clear about their intentions in the negotiation of the PTA and always intended that successful negotiations should lead to Megrahi's release. One might wonder at the significance of the agreement for them otherwise, as only 20 of the 13,429 foreign prisoners in the UK are Libyan, compared with 188 from neighbouring Algeria.

The former Foreign Secretary, the right hon. Member for South Shields (David Miliband), stated in an interview that to link the prisoner transfer agreement with Libya to British commercial interests in that country was

"a slur both on myself and the Government".

He said in the House of Commons during a statement following the release of Megrahi that

"there was no deal for the release of Megrahi in respect of trade, and that is absolutely right."—[*Official Report*, 12 October 2009; Vol. 497, c. 35.]

However, we know from the records already released by the UK Government that that link was expressly made in the negotiations for the agreement.

The key period of the negotiations came in late 2007. On 23 September that year, the then Lord Chancellor, the right hon. Member for Blackburn (Mr Straw), offered an unequivocal assurance to the Scottish Government that

"My officials will make clear to the Libyan authorities that without this addition"

of a clause excluding Megrahi from the agreement

"it will not be possible to conclude a prisoner transfer agreement".

However, on 17 December a Ministry of Justice internal briefing note to the PTA negotiations confirmed that the Libyan Government had threatened to halt commercial contracts unless the PTA was agreed. It stated:

"Despite a consistent negotiating line that the case of the Lockerbie bomber would not be covered by the PTA, the Libyans have continued to press for a general agreement and linked the fate of some commercial contracts to its successful conclusion."

The British objection to the inclusion of Megrahi within the terms of the PTA was then dropped.

Why did the Government drop their insistence on a clause excluding Megrahi from the PTA, and what advice did officials give to Ministers on their decision to drop the clause? They must have known that that would lead to an application from the Libyan Government for his release. Was the Ministry of Justice satisfied with that? Had the then Lord Chancellor been successfully lobbied by representatives of British commercial interest—the US Senate report states that he was lobbied by BP on three separate occasions—or was he lobbied by his colleagues in Government and convinced that it was not a fight worth having? The picture remains unclear. Former Ministers have acknowledged that it is perfectly proper for a Government to consider the importance of commercial relations as part of improving relations between Britain and Libya, but they were reluctant to make the link publically in that instance.

Ministers seemed at pains, once the agreement had been made on the PTA, to stress its relevance to the Libyan Government's long-standing desire to see Megrahi released. The former Europe Minister, Bill Rammell, wrote to the Libyan Government following the negotiations to explain

"the processes that would apply as regards any consideration of transfer or compassionate release on licence of Mr Megrahi"

and noted how the PTA was "relevant" to this. Mr Rammell also confirmed to the Libyans in a meeting in Libya that the Government did not want to see Megrahi die in prison. Once agreed, the PTA, although offering no guarantees, was clearly a mechanism designed to support that wish. The former Lord Chancellor, the right hon. Member for Blackburn, also advised that a decision on the transfer of a prisoner under the terms of the PTA

"may be subject to judicial review".

Therefore, even if a Scottish Minister had refused release, the decision could have been reviewed by the courts. Is that still the view of the Ministry of Justice on how the PTA could work in practice?

Despite the often repeated line from Ministers that the final decision to release Megrahi was one for Scottish Ministers, the sensitive nature of his release, its consequences for international relations and the fact that his imprisonment was the result of his conviction for an international terrorism offence, meant that the UK Government could and should have intervened. That was certainly the view of many people around the world who were so aggrieved

[Damian Collins]

by his release, particularly in the United States. It is an issue that the US Senate report also explored. Does the Ministry of Justice believe that the UK Government could have intervened in such a way had they wished to do so? The principle seems to have been conceded by the former Foreign Secretary in his statement to the House of Commons in October 2009, when he said:

"Notwithstanding that any decision on release was for Scottish Ministers and the Scottish judicial system, the UK Government had a responsibility to consider the consequences of any Scottish decision... British interests... would be damaged—perhaps badly—if Megrahi were to die in a Scottish prison." [*Official Report*, 12 October 2009; Vol. 497, c. 35.]

In that case, the previous Government seemed to give greater consideration to the impact of feelings between Britain and Libya than with the USA if he was released. It is clear from the right hon. Gentleman's remarks that there was a foreign policy dimension to the decision, and this was a matter for the UK Government to consider.

I do not wish to go into the question of the diagnosis of Megrahi's cancer or his life expectancy. Others can draw their conclusions from the fact that a man who was given three months to live more than 18 months ago is still with us. That may say something about the quality of his diagnosis in Scotland, or the quality of health care and treatment in Libya. When the moment for Megrahi's release came, the Scottish Government decided that they could not accept it under the PTA as that would compromise an understanding that had been made between the UK and the USA, and so they released him on compassionate grounds as a free man, rather than transferring him as a prisoner. Whatever path they had taken, once the PTA had been agreed, only one outcome looked likely.

The memorandum of understanding between the UK and Libyan Governments that led to the negotiation of the PTA was agreed in the same month that BP signed its agreement with Libya. The relationship between UK commercial interests and the fate of Megrahi has been a constant thread throughout the proceedings. Their conclusion angered many people around the world, particularly the families of the Lockerbie bombing victims. I ask that we have either a full disclosure from the Government of the decision-making process that led to that, or an inquiry to establish why that happened.

1.6 pm

Robert Halfon (Harlow) (Con): I congratulate my hon. Friend the Member for Folkestone and Hythe (Damian Collins) on securing this important debate and on the way he set out his argument, particularly the questions he has asked the Minister. The question being discussed today is whether al-Megrahi should have been released in the way he was. Some of my constituents have written to me on the issue. They and many others across the country are worried that the former Prime Minister or his colleagues did a secret deal on the release of al-Megrahi to help BP win oil contracts with Libya, and that devolution was used as a fig leaf for commercial purposes. It is a serious accusation to make. Like many people in Scotland and across the country, everyone is anxious to know the real facts.

As I noted last year in my early-day motion 575, in September 2007 the right hon. Member for Blackburn (Mr Straw), the then Justice Secretary, assured the Scottish Government that al-Megrahi would be excluded from the final prisoner transfer agreement. In December 2007, the Scottish Government were told by the UK Government that they had been unable to secure an exemption for al-Megrahi and had decided to go ahead with the agreement

"in view of the overwhelming interests of the UK".

In January 2008, Libya ratified a major oil deal with BP that had previously been stalled. That is why I asked the current Prime Minister on 6 September 2010 what meetings his predecessor or his predecessor's officials had held with BP or the Libyan Government between July 2007 and March 2008, and whether the subject of any such meetings was

"oil drilling off the coast of Libya."

The Prime Minister replied:

"I have asked the Cabinet Secretary to review all the papers relating to this issue, and we will report shortly on his conclusions." [*Official Report*, 6 September 2010; Vol. 515, c. 2W.]

A few months later, I asked when the Cabinet Secretary might finish his review. I am grateful to the Prime Minister for his reply, which was:

"The Cabinet Secretary expects to conclude his work shortly. Dependent upon the outcome, this may include publishing additional relevant papers." [*Official Report*, 2 November 2010; Vol. 517, c. 681W.]

In the end, al-Megrahi was released not under the prisoner transfer agreement but on compassionate grounds. Despite the reports of terminal cancer, he is still alive today. Whatever the commercial effects on BP, al-Megrahi was tried and convicted in a British court of murdering 270 people. A mass murderer convicted by our courts was let out of prison and sent back to a dictatorship where he was welcomed as a hero and now lives in freedom. That is not something that we can forget. We need to know whether the release was legitimate, or whether it was a distortion of the will of a British court.

Let me be clear: the coalition Government are doing absolutely the right thing on transparency and opening up information to the public. I welcome this debate because Britain deserves to know the facts. I urge the Scottish Cabinet Secretary to move swiftly, so that the Government can report as soon as possible on his conclusions. Devolution or not, never again must a known mass murderer be released under such controversy.

1.10 pm

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): I would like to follow the usual courtesies and congratulate my hon. Friend the Member for Folkestone and Hythe (Damian Collins) on securing this debate. The prisoner transfer agreement with Libya has attracted significant parliamentary and media attention since the negotiations began in 2007, and I know that since his arrival in the House, he has sought information relating to those negotiations and the subsequent release by the Scottish Executive of Abdelbaset al-Megrahi. I hope during the course of my remarks to address a number of the points that he made, and I hope that I will have some satisfactory news about the Scottish Cabinet Secretary at their conclusion.

Let us be clear: Abdelbaset al-Megrahi was convicted of causing the largest peacetime loss of life on British territory. His actions and those of his backers resulted in the death of 190 Americans, 43 Britons and 19 people of other nationalities. Shortly before Christmas, families and friends of the innocent victims commemorated the 22nd anniversary of their murder. I am sure that their pain is still great, and that the memory of what happened that night will live with them always. The release of al-Megrahi on compassionate grounds can only have added to that pain. In that sense, I echo the comments of my hon. Friend the Member for Harlow (Robert Halfon) at the conclusion of his remarks.

Al-Megrahi's release from custody was a decision made solely by Scottish Ministers in accordance with Scots law. My hon. Friend the Member for Folkestone and Hythe will be aware that the Scottish First Minister and the Scottish Minister for Justice responsible for the decision have made that clear in their public statements, and that the Scottish Minister for Justice has also set out publicly the reasons for reaching that decision. Many hon. Members disagreed with it. At the time, my right hon. Friends the Prime Minister and the Foreign Secretary both condemned the decision to release al-Megrahi on compassionate grounds, and described it as wrong and misguided. Nevertheless, it is important to recognise that the decision to release al-Megrahi was a legitimate decision for the Scottish Executive to make.

I now turn to the negotiation of the prisoner transfer agreement, but I should first make it clear, as my hon. Friends the Members for Harlow and for Folkestone and Hythe did, that it was not the means used to facilitate the release of al-Megrahi. Indeed, his request for a transfer to a Libyan prison was refused by Scottish Ministers, in line with the terms of the agreement.

Hon. Members will be aware that in May 2007, the then Prime Minister, Tony Blair, visited Libya for discussions with the President, Muammar al-Gaddafi, and that during the course of that visit a memorandum of understanding was signed between the United Kingdom and Libya which provided for the negotiation of four agreements in the field of judicial co-operation. The agreements related to extradition, criminal and civil law, mutual legal assistance and prisoner transfers. They were intended, in part, to mark the return of Libya to the international community following its renunciation of support for international terrorism and its pursuit of weapons of mass destruction. That was an important policy objective of the UK Government and their European partners at the time.

Responsibility for the negotiation of prisoner transfer agreements on behalf of the UK rests with the Ministry of Justice. Since 1985, the UK has negotiated 23 bilateral prisoner transfer agreements, including the one with Libya. In addition, it is a signatory to two multi-party prisoner transfer agreements. In all, the UK has prisoner transfer agreements with more than 100 countries and territories, so the essence of the fact that there are only 20 Libyans in our prisons is not necessarily unique in terms of the arrangements that we have with other countries. There are not that many Rwandans in our prisons either; again, we have a prisoner transfer agreement with Rwanda.

Negotiation of the prisoner transfer agreement with Libya was conducted over several months by a small team of officials from the National Offender Management Service with the assistance of the Foreign and Commonwealth Office, which is normal practice. The right hon. Member for Blackburn (Mr Straw), then the Secretary of State for Justice, was the Minister responsible for the negotiations. The officials responsible for negotiating the prisoner transfer agreement did so on the basis of a negotiating mandate agreed at each stage with Ministers. At the outset, it included a remit to exclude from the prisoner transfer agreement al-Megrahi and anyone connected with the Lockerbie bombing.

I am sure that my hon. Friend the Member for Folkestone and Hythe will understand that I am bound by convention in what I can say about the actions of a previous Administration. That is particularly the case in describing the motives of the previous Government in seeking to conclude a prisoner transfer agreement with Libya, and their subsequent decision not to insist on a clause that would exclude al-Megrahi from it. In that sense, I am unable to endorse the comments of my hon. Friend the Member for Harlow about its being a secret deal, with devolution being a fig leaf.

The right hon. Member for South Shields (David Miliband), then the Foreign Secretary, made a statement to the House on 12 October 2009 in which he stated:

"In May 2007, Prime Minister Tony Blair made his second visit to Libya. His summit with Colonel Gaddafi at Sirte covered the full range of our interests with Libya. Mr. Blair signed a defence accord and witnessed the public signature of a major BP exploration contract. Also agreed was a memorandum of understanding on negotiations for a judicial co-operation package, including a prisoner transfer agreement and agreements on mutual legal assistance, extradition, and civil and commercial law.

The UK had a model agreement, based on Council of Europe arrangements, that was the starting point for negotiation on our prisoner transfer agreements with any country and that provided the starting point for negotiations with the Libyans. Four points are relevant. First, a PTA provides for prisoner transfer, not prisoner release. Secondly, it provides a framework for transfer, not a right to transfer. Thirdly, a PTA cannot be used when appeals, including by the prosecuting authority, are outstanding, as in this case. Fourthly, Ministers in the sentencing jurisdiction—in this case Scotland—have an absolute right to veto any transfer.

This standard draft had no provision for any carve-out for any named prisoner. However, the Scottish Executive made strong representations for us to seek to alter the standard PTA so as specifically to exclude Mr. Megrahi. The UK negotiation team, led by the Ministry of Justice, sought in good faith to achieve this goal.

The Libyans insisted that the only PTA that they would sign was a PTA without any exclusions. So the Government had a clear choice. We could agree to a standard PTA with no exclusions, retaining for Scottish Ministers an absolute veto over any request for prisoner transfer in the case of Megrahi—a veto which they used in August this year"

August 2009—

"or we could have ended the negotiations to prevent an application for prisoner transfer. This would have set back our wider national and commercial interests that flowed from normalised relations, as the Justice Secretary has made clear."

I note the comments of my hon. Friend the Member for Folkestone and Hythe that some of his disappointment with the actions of the previous Administration is caused by the fact that they were not prepared to be clear about the interests at stake. The then Foreign Secretary continued:

"Since the PTA involved no prejudice to the rights of the Scottish Executive, nor pressure on the Scottish Executive, the Government decided it was right to go ahead. The PTA finally took effect in April 2009." [*Official Report*, 12 October 2009; Vol. 497, c. 30-31.]

[Mr Crispin Blunt]

On whether that decision was correct, I do not think I can add anything to the description of the negotiating process.

There has been speculation surrounding the role that commercial interests—primarily those of BP—played in the decision not to seek the exclusion of al-Megrahi from the terms of the PTA. In July 2010, my right hon. Friend the Foreign Secretary wrote to Senator Kerry, chairman of Senate Foreign Relations Committee, setting out the extent of BP's involvement. During the several months of discussion in 2007 about Libyan opposition to the possible exclusion in the PTA there were a number of conversations between BP and the then UK Government. Specifically, there were three discussions between BP and the right hon. Member for Blackburn, or his office, between October and November 2007; at least two contacts in the same period between BP and the then Prime Minister's foreign policy adviser; and contacts with Her Majesty's ambassador in Tripoli. During those discussions, the progress of negotiations on the UK-Libya transfer agreement and the likely timing of the agreement being signed were discussed. As BP made clear in its statement on 15 July 2010, it had been made aware by the Libyans that failure to agree the PTA could have an impact on UK commercial interests, including Libyan ratification of the BP exploration agreement signed in May 2007, and it wished to bring that fact to the attention of the UK Government.

Damian Collins: For the record, I want to make it clear that the contact of Sir Mark Allen of BP with the right hon. Member for Blackburn coincided with the change in the British negotiating position on the PTA and the decision to withdraw the exclusion of al-Megrahi.

Mr Blunt: I confess that I have insufficient detail on the times and dates of all the contacts between BP and the various parts of the Government to be able to agree with my hon. Friend, but I imagine that what he says is probably broadly correct and probably not a matter of dispute. As my right hon. Friend the Foreign Secretary made clear to Senator Kerry, it was perfectly normal and legitimate practice for a British company to draw to the attention of the UK Government the interests at stake.

A significant amount of information relating to the negotiation of the PTA, including correspondence between the then Justice Secretary and Scottish Ministers, has already been made public, and I have drawn upon it in my remarks this afternoon. However, to ensure the fullest possible explanation of the circumstances surrounding the decision, the Prime Minister has instructed the Cabinet Secretary to review the papers to see if more needs to be published about the background to the decision. I know that my hon. Friends eagerly anticipate that report. I can tell them, in civil service language, that it will be published "very shortly", so I hope that they will not have to wait very long for more information to be placed at their disposal and to see whether it brings new matters to our attention.

I am limited by convention on what can be said about a previous Administration. My hon. Friends have properly drawn the matter to the attention of the House.

Damian Collins: The report of the US Senate suggested that the UK Government had legal authority to intervene in the matter. In my remarks, I asked whether that was the view of the Ministry of Justice.

Mr Blunt: I am grateful for that intervention; I meant to pick up on my hon. Friend's point. I am advised that, no, it is not a matter on which the UK Government would be in a position to intervene. It is properly a matter for the sentencing authority—in this case, that is Scottish Ministers—to make the decision. They cannot be second-guessed by the UK Government exercising a different authority under the agreement.

My hon. Friend also asked about judicial review of the Scottish decision. The truth is that any prisoner could seek judicial review, and the outcome would be up to the judge who heard the review, but I am advised that it is very difficult to see how a review in those circumstances would meet the test for judicial review or for a decision to be overturned.

Following the request from the Prime Minister, we can look forward to more information from the Cabinet Secretary in a short time. I note that my hon. Friends have urged that the review be brought to a rapid conclusion, and I am confident that their request will be noted and accepted.

Regeneration (Tottenham)

1.26 pm

Mr David Lammy (Tottenham) (Lab): Thank you, Mrs Riordan, for allowing me to have this debate, which comes at such a crucial time for my constituency, wider north London and the upper Lea valley. This is one of the first times that I have had the opportunity in the House to give a speech that surveys my entire constituency. I do not think that I have spoken in this way since my maiden speech 10 years ago. I said then that we have to invest in the souls of Tottenham people as well as their skills.

The decision before us would rip the soul out of my constituency and wider north London, and affect the entire upper Lea valley. I will explain why that is so in relation to regeneration. Three things make being the MP for Tottenham particularly special: one is our history, which is wrapped up in our football team, but also in our special part of north London. Tottenham is on the A10 corridor and the old Roman road that ran from Bishopsgate to Lincoln, York and the north. It is historically part of Middlesex and the home of the Somerset family. Tottenham, and the London Borough of Enfield, is a part of London that people have come to from all corners of the world to make their home, because of the nature of its housing stock and its position near places where people could find jobs.

That point brings me to the second special thing about the constituency, which, of course, is its people. In the past 50 or 60 years of Tottenham's history, they have been people working in the rag trade, Jewish refugees from violence and prejudice in Europe, and immigrants from the Commonwealth who came to make a new life. Those immigrants included my father, who arrived in this country in 1956. Tottenham is where I grew up. I went to primary school there and I know the streets, so this debate is personal. It is an important opportunity to raise these issues.

The third special thing about my constituency is that it is always wonderful to represent a seat with a top premiership club. It is important to think about the history of the club. Spurs was started 120 years ago by local schoolboys from the Hotspur cricket club, and played in Northumberland park. The team was first brought together by a bible teacher from All Hallows church in Tottenham, and was represented by heroes from the community, many of whom were born and brought up in Tottenham. Successive generations have supported the team for 120 years, paying for tickets and supporting the team throughout its highs and lows.

During the dark days of the 1980s, we saw some of the worst violence that we have ever seen on the streets of this country, but not long afterwards, Tottenham won the FA cup and there was cheering that lifted my spirits at a bleak time. Regeneration of communities such as Tottenham, Moss Side in Manchester, Toxteth in Liverpool and the Gorbals in Glasgow also regenerates our country. Our country's success is guided by the poorest and the weakest in our communities, so this debate and the decision that may lead to the football club leaving one of London's poorest communities is grave. Who allowed that to happen? Whose bright idea was it to encourage Tottenham Hotspur to bid for the Olympic stadium on the other side of London, which would leave one of the biggest regeneration holes in London that we have seen for a generation? There are rumours that the Mayor encouraged Spurs to bid, which seems an absurd and ridiculous decision in the context of the regeneration of one of the poorest communities in the country.

At the turn of the 21st century, Tottenham was a town that the Government had forgotten in a part of London that too often failed its residents and especially its young people. When I became the MP for Tottenham, more young people there were going to prison than to university. Tottenham was still scarred by unemployment, with levels of more than 20% in the 1980s and 1990s, and in some communities it was higher than 40%. Some housing estates and communities experienced unemployment of more than 50%.

Imagine what that meant for hundreds of young people growing up without work, and for their families. Imagine the legacy that we still live with because of that unemployment. I need not name the headlines about Tottenham, because they were national headlines that usually involved vulnerable children who were knifed or who died in other ways—I am thinking of Victoria Climbié and Baby P. Much of that poverty relates to that legacy, and the decision on regeneration is one of the most pressing that faces the Department for Communities and Local Government. It is my job to remind the Department of that, and to ensure that plans exist for Tottenham if the team leaves.

The community has faced enormous tension and unrest and has been stigmatised, as have others in the past, but over the last decade it has begun to mend. More young people now go to university than ever before in our history. Schools have been rebuilt, and some are now national beacons of success. I am thinking of Gladesmore community school where the head teacher has been recognised by the Queen for all that he has achieved. I am thinking of the accident and emergency department at the Whittington hospital, where I was born, and the North Middlesex hospital, which have been largely renewed and rebuilt. I am thinking of the £50 million that we received in the new deal for communities, to which I am sure the Minister will refer. All of that lifted hopes and aspirations—unemployment was falling back a bit, but is now on the rise again—and happened over the recent period in order to renew the community. Housing estates have seen their housing stock renewed and rebuilt. Prior to the economic downturn, there was a period of hope for the community, but clearly, a decade to achieve all that we wanted to achieve against a backdrop of such disadvantage was always not going to be long enough. That is why we stand at a crossroads—do we march forwards or backwards? That is the decision that lies ahead. The story is not yet finished.

Tottenham still has the highest rate of unemployment in London, with more than 6,000 people currently out of work or on benefits. Tottenham still has one of the largest numbers of households living in temporary or emergency accommodation, with more than 5,000 families in Haringey having no fixed place to live. Four in five children born in Tottenham are still born into poverty, one of the highest rates in the country. It is clear, Mrs Riordan, that although things have got better, we have a long way to go if we are to ensure that every child in Tottenham grows up in a decent home, free of poverty, and in a community in which work is the norm, not the exception.

[Mr David Lammy]

That brings me to the third factor that makes Tottenham special—Spurs. Since I have been the Member of Parliament for Tottenham, I have worked closely with three successive chairmen and owners of the club. The first was Alan Sugar—he has since been knighted—of "The Apprentice" fame. The second was David Buckler who came in for a brief period after Alan left to stabilise the club and led the way to the current owner, Daniel Levy. Before I became an MP, Spurs was not doing much in the community relative to other clubs. I am thinking particularly of clubs such as Sunderland in the north-east—I will not mention our near rivals, although I see that my hon. Friend the Member for Islington North (Jeremy Corbyn) has taken his seat and he may mention the name of that other north London club. Spurs was not doing much in the community, but there has been a transformation.

I worked with Daniel Levy to establish the Tottenham Hotspur foundation as a model, and it is now a beacon in the premiership. It was established with £4.5 million of funding, and enables thousands of young people throughout north London to take part in projects. It is transforming their lives and attracting match funding, and not just in sport. There are wonderful things happening with disability groups and pensioners, not just in Haringey, but in Enfield, Barnet and Waltham Forest where the foundation is making a huge difference.

The club has attracted a succession of top-class international players, such as Freddie Kanoute, Mido, Berbatov, who was with us for a while, and Wilson Palacios. My office assisted them and many others with work permits, and immigration requirements to enable them to come to the community. Despite opposition from some local councillors, I strongly supported the application by Spurs for a new training ground in Enfield, and permission was duly granted despite that opposition.

The club is an immense source of pride for my community, and the young people in it. In what can feel a parochial, mundane and sometimes hostile and discriminatory atmosphere, it is a permanent badge of excellence. It shows people that they can achieve sporting excellence on the doorstep, and that reads across not just to sport, but to every area of life.

That is why I am so angry about what is taking place without proper public consultation with either the fans or my community. Those young people, whose hopes were lifted when we won the Olympic dream, are now to be dumped on from a great height because of this irresponsible decision to rip excellence from the constituency. It is unacceptable. Someone is responsible, and it is not just the club, which is being encouraged to ignore its history and its community, but local, regional and, potentially, national politicians. I want answers about how this has come about, and why this is to happen to one of the poorest communities in London.

Jeremy Corbyn (Islington North) (Lab): My right hon. Friend knows that I represent Islington North and am a very proud supporter of Arsenal, the other club in north London. The relocation of stadiums is a difficult issue. Arsenal and Islington worked very closely to ensure that the new stadium was built in Islington without any public subsidy. The presence of Arsenal has meant that there is a very large number of jobs at the stadium, with all its related facilities, and a huge local community programme with more than 1 million hours spent on community training in football.

It is a badge of honour for the kids in Islington and from nearby to be supporters of Arsenal, and to be part of that community, and the same applies in Haringey, where I used to be a councillor. If we do not retain Tottenham Hotspur there, not only do the jobs and facilities go but the whole heart of the community goes with them. I strongly support and endorse what my friend is doing to try to ensure that Spurs remains at White Hart Lane, and to ensure that we can carry on being north London rivals, a rivalry of which I, of course, represent the better half.

Mr Lammy: I am very grateful for what my hon. Friend has said, but he knows that he actually represents a south London club, and that is why this is even more important. All those years ago, the club moved from Woolwich, but at that time it was not of the size that we see now, making the kind of contribution that both Arsenal and Tottenham make to this very, very poor part of London. I challenge anyone to visit parts of my hon. Friend's constituency, in Holloway, parts of mine, or the constituency of our colleague my hon. Friend the Member for Edmonton (Mr Love) and say that these clubs are not making a huge contribution. Things would be considerably worse were the clubs not there.

That is why we welcome Spurs' plan for a new 56-seater stadium in Tottenham, why I supported the club in overcoming problems with English Heritage, and why I brokered meetings with both the Commission for Architecture and the Built Environment and Haringey council. Historically, relations with Haringey council have not always been at their best, but we got planning permission in record time, and in a shorter time than Arsenal. As my hon. Friend has said, it is nonsense to suggest that Arsenal received state aid, and Spurs would never have done so. However, the club is right to say—and so am I—that we need more investment in this constituency.

I have not witnessed in my constituency the kind of transformation that we have seen in cities such as Manchester and Liverpool, and that we are witnessing now in the east of London. So, is Tottenham the next big regeneration challenge for this Government? It ought to be. The people deserve it to be, and the club rightly wants to see that. The plan was that off the back of the redeveloped stadium at White Hart Lane, which has received the approval of Haringey council and the Mayor, we would get further investment from Europe and from the Government, so that yes, we would see a new supermarket, yes we would see new housing, but we would also see the new stadium. As Daniel Levy has said, the stadium has

"the potential to act as a real catalyst for the much-needed, wider regeneration of the area."

I am disappointed, of course, that other members of the Tottenham board, such as the director Keith Mills, have said that moving to the Olympic stadium is better because

"it's closer to Canary Wharf and to the City; and it'll attract more sponsorship".

I have also been very concerned about internet rumours of Spurs' owners selling up to Qatari investors and seeking planning permission at White Hart Lane and the Olympic stadium so as to sell the club on and make more money. When Mr Levy says to me, "I'm acting in

the interests of shareholders," it is my job to remind him that he owns 70% of the shares. So, who will profit ultimately from the decision? This is important.

It is also important to recognise the entire ecology of London, and in so doing it is also important that we say, "Can it possibly be fair that Tottenham's legacy from the Olympics is for the largest private employer to be allowed to leave the constituency?" Let me reiterate, if Spurs is allowed to leave, this Government's legacy for the constituency with the highest unemployment in London will be to have removed the largest private employer. That cannot be right.

Is it also the case that the Olympic Park Legacy Company should take note of the entirety of London and not just regeneration in the east of the city? In my constituency, unemployment is running at 11.2% and incapacity benefit claims are at 11%. Those are some of the highest levels in London. Life expectancy is lower than in the Olympic borough. Mortality rates for women in my constituency are lower, and unemployment is higher, than in the combined Olympic boroughs. Right across the sweep, the statistics suggest that Tottenham is finding it harder than the combined Olympic boroughs, and I am sure that the Minister is aware of that.

Does the Minister believe that it is acceptable to secure a legacy in east London by condemning an area of north London to become effectively a dust bowl? Does he believe that it is fair that the largest economic project in my constituency for a generation may be sacrificed—a brand-new stadium demolished just to build a new one with a supermarket attached? The Olympics were meant to bring a unique experience to the doorsteps of ordinary Londoners. Should Spurs leave, the experience will leave a particularly bitter aftertaste in N17. Who encouraged Spurs to make the decision? What leverage are the Minister and his Department placing on the Mayor as that decision is reached? I am told that the Olympic board will reach the decision on 28 January; what consultation is going on with Haringey council and with us on a decision that is now imminent and pressing? Does the Minister not believe that consultation with my constituents by the Olympic legacy body is absolutely mandatory? Is he concerned that there has been only one phone conversation with the company and with Haringey council? Spurs owns 20 acres of site on the north side of Tottenham high road that has now been blighted. How can due diligence be done on the Spurs bid if only one conversation on the planning application has been had with the local authority?

I hope that the Minister understands that this matter is urgent; that is why I have taken the time to put it on the record for the House, and for others who are listening and watching. This is the most important thing that could have happened in relation to economic regeneration in my constituency in the past decade.

1.48 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): It is good to serve under your chairmanship, Mrs Riordan, and to respond to the right hon. Member for Tottenham (Mr Lammy).

I first want to acknowledge the passion and knowledge that the right hon. Gentleman brings to this issue, and to acknowledge how he has forthrightly stood up for his constituents. He has outlined the problems, the progress and the opportunities for his constituency and for the borough, and has, with very considerable force, made clear his views about his premiership football club; about its record of success and its community involvement, which, as he has said, has been developed for the better over the past few years and, most important, his views about its future. I think I heard him talk about a plan for a 56-seater stadium, but I am sure that he meant 56,000.

I know that the right hon. Gentleman has arranged a meeting with my colleagues in the Department for Culture, Media and Sport so as to raise these issues with them. A number of the points that he mentioned, whatever their merits one way or the other, are matters for discussion with that Department, rather than the responsibility of the Department for Communities and Local Government.

I hope that the right hon. Gentleman will not mind too much if I say something about the broader approach to regeneration taken by the Government, and perhaps I can give him some assurances. On his specific questions about how we got to our current position and where we are going, let me remind him that for the most part, those decisions are not the responsibility of the Department for Communities and Local Government.

Mr Lammy: Will the Minister confirm that the Secretary of State for Communities and Local Government is a member of the Olympic board and that ultimately, the decision of the company will come to the Olympic board? Is there a seat for the Mayor, for DCMS and for DCLG to stand up for regeneration in London?

Andrew Stunell: The Secretary of State certainly has a role in the matter, and I do not seek to avoid that. However, I am sure that the right hon. Gentleman understands fully that the lead Department will be the Department for Culture, Media and Sport. Perhaps I can put a broader perspective on the way the Government work. We think it is important to ensure that local businesses, of all scales and whatever the business, have the opportunity to thrive. We want to support economic growth and regeneration, and we have made it clear that areas such as the right hon. Gentleman's constituency, which are behind in the economic race, need to be given support. We want to see that done by giving power and the capacity to take decisions back to local councils and to London collectively, and not by having micro-management from Whitehall on every aspect of business delivery.

We have a strategic and supportive role to play, and it is important to get the macro-economic situation right. We must provide incentives, remove barriers and provide access to targeted investment. Despite all the financial pressure faced by the Government and the country, we have given the green light to some important and significant infrastructure projects.

Jeremy Corbyn: Let me take the Minister back to the question asked by my right hon. Friend the Member for Tottenham (Mr Lammy). I understand the philosophy behind the future planning arrangements, but in the immediate term we have two bids going in for the Olympic stadium—from West Ham and Spurs. West Ham is a local club that would essentially seek to develop the Olympic stadium for the continuation of local activities as an east London club. Spurs is in

[Jeremy Corbyn]

Tottenham and is an important part of the local economy. Surely the Government have a duty to take into account the effect on the local society and economy of Haringey should the transfer of Spurs to the Olympic stadium be approved, rather than if the club continues where it has been for a long time and where it is, as my right hon. Friend pointed out, a major part of the local economy.

Andrew Stunell: I understand the concern that was raised by the right hon. Member for Tottenham and brought to my attention again by the hon. Member for Islington North (Jeremy Corbyn). Of course it is an issue of controversy that the shortlist contains those two clubs; I understand that. The Olympic Park Legacy Company is negotiating with each club, and expects to have reached a settled position on the legacy by the end of the financial year. I was not aware of the specific date that the right hon. Gentleman mentioned a moment ago. It would not be right for me to comment on the progress of that bidding process or on the state of those negotiations, and neither would it be right for the Government to seek to interfere with that. As the right hon. Gentleman says, at some further point the decision will come back for endorsement by the Olympic Delivery Authority, and no doubt points of view will be taken into account when that decision is—or is not—signed off.

Perhaps I can return to the broader picture. It is important to ensure that the Olympic investment and legacy benefits the whole of London; it is not intended to be a one-shop stop. An intrinsic part of the bid put forward by the previous Government and supported by all parties in the House, was that the value of the Olympic bid would be in the legacy that it would bring not only to a geographical area but to young people, by providing opportunities to promote excellence far into the future. All parts of that legacy programme are still in play as far as the present Government are concerned.

We must also recognise that we are devolving powers. We are taking powers out of Whitehall and passing them down to the Mayor of London, the London boroughs and the London assembly. Proposals have been published in the Localism Bill, and they will be considered by the House.

Mr Lammy: Does the Minister expect the Mayor of London, Boris Johnson, to meet with me to discuss this matter prior to any decision?

Andrew Stunell: The progress of the legislation means that if the timetable I have referred to is maintained, and the decision is taken by the end of the financial year, that will precede the Localism Bill coming into force. The decision will be made in the context of the current legislative framework, and the roles and responsibilities are those already set out.

Mr Lammy: A decision is being made that has a once-in-a-generation effect on my constituency. I am the elected representative of my constituents, but they have not been consulted. The Mayor has fixed a date for a meeting with me on 24 February, but that is unacceptable given that the Olympic board will consider the issue on 28 January. As the Minister responsible for regeneration in this country, will he urge the Mayor to meet with the elected representative of Tottenham and its constituents? Will he urge his colleagues to think carefully about their responsibilities to my locality through their elected representative?

Andrew Stunell: I undertake to ensure that this debate and the views of the right hon. Gentleman are clearly drawn to the attention of the Mayor. The Government certainly hope that there will be proper discussions with the democratically elected representatives of communities, but it is for the Mayor to decide what processes he will follow to achieve that.

Ensuring that the Olympic legacy delivers on what was offered in the bid is an interesting and challenging project. The Olympics will come after a period of economic retrenchment. Ensuring that the legacy is delivered, that the benefits are not frittered away, and that we can look back in 10 years' time and see that the games were not only a success in themselves but that the legacy has endured, is an important and significant challenge for the Government, the Mayor and the London boroughs. The right hon. Gentleman has made a strong plea that the borough of Haringey should not be left out of that. I assure him that as our proposals for localising economic growth come to fruition, we will ensure that the borough of Haringey and Tottenham are not left out.

If we are to achieve success, we must ensure that the economic and financial framework facing the country is put right. That must be our top priority and that is why we have been working so hard at a national level to deliver on the financial programme. It is also why it is important to take the responsibility and powers for decision making on regeneration issues out of Whitehall, and give them back to the regions and communities where they need to be.

2 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Wednesday 12 January 2011

[MR GARY STREETER *in the Chair*]

Biotechnology and Food Security

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr Goodwill.)*

9.30 am

Mr Mark Spencer (Sherwood) (Con): I am grateful for the opportunity to debate this important issue. I want the debate to be fact-based and to be about the science. I want it to be an unemotional and genuinely open debate about the future of this country's food security and how we ensure that the people of the United Kingdom are well fed into the next generation. I acknowledge that this issue is not the responsibility of the UK Government or the Minister, but a European Union issue. It is for the EU to decide whether it uses genetic modification and biotechnology to solve such problems. This debate is an appeal to the Minister to push for and facilitate discussion, so that others can join in and we can have an open discussion about how to ensure that this great nation of ours is fed.

I am no historian, but following the second world war Winston Churchill said that this country should never again allow itself to be exposed to the food security issues we faced during that war. We have had two or three generations of consumers who have no concept of what food security is, or what it is like to go to the supermarket and find that a product is not on the shelf. My wife will go to the shop and if the product she requires is not on the shelf, she will storm down to customer services, bang on the desk and say, "What do you mean you haven't got any paprika?"—or some other wonderful product. My grandmother, however, would go to the butchers and say, "I'd like lamb chops" and the butcher would say, "You can't have lamb chops. You can have beef dripping because that's all I've got", and she would have to take it. Consumers now have no concept of what food security is, and it will be a big shock if we find ourselves in those circumstances again.

I turn to where we as a country have come to. My right hon. Friend the Member for Arundel and South Downs (Nick Herbert) said last year that since 1997, the UK dairy herd is down by 22%, which is 500,000 fewer dairy cows. Fresh vegetable production is down by 36,000 hectares; the pig herd is down by 40%, which is 3 million fewer pigs; fresh fruit is down by 9,000 hectares; and the lamb flock is down by 25%, which is 10 million fewer lambs. Despite the fact that self-sufficiency in food production had dropped from 72% in 1996 to 60% in 2008, the Labour Government said in that year that the

"UK currently enjoys a high level of national food security".

It is true that this country is still able to source and import food very easily, and nobody would stand here today and say that we will ever be 100% efficient in producing our own food. I, like many hon. Members, enjoy bananas, oranges and fruit from all over the world. However, the figures paint the picture of our diminishing ability to feed ourselves, and if that pipeline—the amount of food flowing into the country—were cut for any reason, it would have dramatic effects on our ability to do so.

There are four factors in the world today that will have enormous consequences for this country's ability to feed ourselves: climate change, the global population, the global economy, and energy prices and our ability to supply energy to the world. I shall take them separately.

There is little debate over whether the climate is changing, and frankly, it is irrelevant whether we agree that that change is man-made or carbon-based. There is extreme weather: we need only look at Russia, which has suffered drought, and at Australia, which is suffering terrible floods at the moment, or at the terrible snow and frost in our country this year and the impact that had on vegetable producers. Trying to harvest carrots and parsnips from frozen ground was an enormous challenge for British farmers, who were trying to put those vegetables on to our plates for Christmas. Extreme weather brings huge challenges and will have a big impact on the cost of food.

Hon. Members who are familiar with commodity prices will know what this summer's drought in Russia did to the value of wheat. Almost overnight, the value went from £90 a tonne to £160 a tonne for next September's wheat, simply because the Russian Government said that they will not export any wheat but will retain it within Russia. That pushed world commodity prices up dramatically, which has affected general consumers. When they go to the supermarket to buy a loaf of bread, they find that quite a cost has been added to it.

In 2003 Europe experienced a long, hot summer, which reduced the EU's agricultural output in that year by 20%. There is a fine line between over-supply and under-supply. We need only be 2% under-supplied for the market to react and push up prices; we will feel that more in future. Farmers need to find new technologies to assist them, so they can cope with the changes in climate.

Secondly, global population will impact dramatically on our ability to feed ourselves. It is predicted that there will be 9 billion people on the planet by 2050. Where is the food to feed that number of people going to come from?

Julian Sturdy (York Outer) (Con): I thank my hon. Friend for giving way and congratulate him on securing the debate. He is right about the huge increase in world population and its impact on food security for the UK and Europe. Does he agree that the only way to tackle this is through new technology and science—for example, research to improve disease resistance and drought tolerance of staple crops, not only in the UK but across the world? We must not close the door on science and new technology.

Mr Spencer: I thank my hon. Friend for that intervention. He is correct, in that we need to harness new technologies if we are to solve the problem. I will talk about that a little more later.

We have clearly been effective since the second world war in harnessing such technologies and in scientific advancement. The common agricultural policy, which came out of the post-war period, is often ridiculed as an

[Mr Spencer]

enormous monster of a policy, but it was probably the most single most effective policy ever devised by politicians. It was designed to feed Europe and was enormously successful—so successful that by the 1980s, we had grain mountains and milk lakes. We all remember those stories in the media.

We have an enormous and growing world population, and we will have to try to feed all those people. It is important to recognise that the amount of land on the earth is not expanding, and we are using land for other things, not only food production. "They have stopped making land," as they say.

At the same time, the issue is absoluteiy linked to the global economy. There have always been hungry people on this earth, but all of a sudden, we have countries with people who are not only hungry, but wealthy. On the other side of the globe, the economies of countries such as India and China are expanding, and diets are becoming western. The impact on the European Union will be enormous. In 1985, the average Chinese consumer ate 20 kg of meat a year, but it is now said that they eat 50 kg a year. Across the globe, economies are expanding—in India, the far east, south America and many African countries. Countries are moving in a similar direction to China, which will have a really large effect on our ability to keep ourselves fed.

The third relevant issue is world energy prices and our ability to ensure that we have enough energy. As economies expand, so, too, does their desire to consume energy—a country's GDP is almost directly linked to the amount of energy it consumes. How will we produce enough energy and how will we do that sustainably? Sustainability is the key. It is all very well saying that we have enough gas and coal to keep ourselves going, but the impact of that carbon will be quite dramatic.

Jim Shannon (Strangford) (DUP): Obviously, the hon. Gentleman's discussions with constituents will, like mine, have indicated that there is particular concern about the price of fuel—the fuel prices that the farmer pays to run his tractors in the fields. Those prices have also affected the price of fertiliser, which has risen from £100 to £300 a tonne. Does the hon. Gentleman feel, as many of us do, that concern about food prices will rise and that the days of cheap food are perhaps disappearing? We once sourced cheap food from south America, but demand from China, India and elsewhere may mean that our markets for cheap food will disappear. Does the hon. Gentleman share those concerns?

Mr Spencer: I thank you for that intervention. Those are exactly the concerns that I am expressing. You sum up very neatly what will happen to global markets. We have been importing from south America, Africa and many other places. When the almighty dollar takes hold, and China tells countries, "Don't export your meat products to the United Kingdom. Export them to China and we'll pay you a dollar a kilo more," producers will naturally say, "Thank you very much, United Kingdom, but we'll sell to China. We'll export to you if you pay £1.50 a kilo extra." That is exactly where the problem materialises.

Energy is very much linked to this issue. As you indicated, the cost of agricultural fertiliser—

Mr Gary Streeter (in the Chair): Order. I am sorry to interrupt the hon. Gentleman, who is making an impressive speech, but there are too many references to "you". Members should always refer to each other as hon. Members or hon. Friends.

Mr Spencer: I am grateful to you for your intervention, Mr Streeter.

World energy prices are very much linked to the issues that we face. The simple fact is that the price of petroleum directly affects the price of agricultural fertilisers and pesticides and has a knock-on effect on them.

Energy production itself requires land usage. Erecting a wind turbine takes out land that could be used for agricultural food production. The erection of a refinery takes land out of agricultural food production and uses it for industrial purposes. More importantly, as we move towards sustainable energy sources, such as bioethanol and biodiesel produced from rape seed, we will be using agricultural crops to produce those biofuels, taking land out of food production and putting it into energy production. That might seem like a wonderful, modern technology and a wonderful, modern thing to do, but when my grandfather started farming in the 1930s, 30% of his land was used to produce oats, which were the energy source for the horses that he used to pull the ploughs. There is, therefore, nothing new in farmers using land for energy production. What has changed, however, is the number of people we have to feed and produce for. The changes will be quite dramatic, and we need to make sure that we have technologies available to assist us.

The Government's chief scientific adviser, Sir John Beddington, said:

"by 2030 we need to be producing 50% more food. At the same time, we will need 50% more energy, and 30% more fresh water."

Those are dramatic statistics. If we are to solve such problems, we really will have to set our stall out and meet those challenges. I hope that we all recognise that there are enormous challenges out there.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): I, too, congratulate my hon. Friend on the way in which he is putting the case. One area of influence that has not been touched on is the UK media's attitude to some of the topics he has discussed. Does he have a view on whether their attitude, particularly to developing technologies, has been a hindrance and has impacted negatively on our farmers' ability to meet the challenges he has set out?

Mr Spencer: I thank my hon. Friend for that intervention. What he says is true, and the purpose of today's debate is to have a much more mature, science-based, focused discussion, which looks at the facts rather than the hysteria. My hon. Friend will recall headlines such as "Frankenstein foods", which do nothing to inform people, and only make them scared of new technologies. To a certain extent, that is human nature. I stand here today unsure myself as to whether these new technologies will assist us. My point, however, is that we need to have the debate, to look at the facts and to explore the opportunities to see whether they offer a solution to the problems we face.

The human race has always been scared of new technologies. If we went back in history to the first time a surgeon suggested doing a heart transplant, we would

see the furore that that caused. It was very dramatic to take a heart from one human being and transplant it into another human being. That was quite scary at the time, but it is now run of the mill. As a Member of Parliament, I am lobbied by people who say that we need to improve organ donation and to make sure that we are all informed about it. The technology is accepted and warmly embraced.

To an extent, we are going through the same debate with stem cells, because people are concerned about them and about whether they can assist us. Of course the human race is sometimes scared of change, but we have always been quite adaptable. In the end, we get there, we embrace technologies and we make use of them. That is why we have been so successful as a species at looking after ourselves.

I want to draw attention to Sir Norman Borlaug, who won a Nobel peace prize for his work in changing wheat varieties and improving the way in which we feed ourselves. Many Members have mentioned the fact that we have been able to feed ourselves since the second world war, and we have done a very good job of that. Sir Norman Borlaug was the lead figure in the field. After the second world war, wheat yields were very low. As part of a long and painful process, Sir Norman used a paintbrush to cross-pollinate different varieties of wheat. He was able to take the correct strains from one variety and put them into another. That made the wheat yield vastly more per acre. It also made varieties shorter so that they did not fall over. As I said, we were able to feed Europe; we were able to keep what is now the European Union well fed. That process took a long time. We are talking about tens of years to make advancements in the science.

I am led to believe that genetic modification can speed up that process of genetic change. We have been doing such things for a long time. We have been changing the genetic make-up of those varieties through the long and laborious process of cross-pollination. Genetic modification can speed up that process and lead to advances that will reduce the disease susceptibility of those varieties and make them easier to grow and more drought-resistant. That has to be a good thing. At this stage, it is worth recognising that the genie is out of the bottle. Countries such as the USA, Canada and Brazil are using these technologies. Those crops are being grown in other parts of the world, where technological advancement is starting to move faster than it is here.

It is suggested that yields could increase between 6% and 30% using the same amount of land. If we were able to harness that technology, we could increase yields by 30%. Given the figures and the global changes that we are experiencing, even that degree of advancement might not be enough to keep us all fed to our accustomed level. The hon. Member for Strangford (Jim Shannon) mentioned fertilisers, a subject that will prove important as we move forward. Imagine a technology able to produce a wheat variety that had the same root structure as lucerne, which is nitrogen-fixing. Lucerne—and clover, which is very similar—takes nitrogen from the atmosphere, absorbs it into its leaves and produces nitrates in its root structure.

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Gentleman on securing the debate. It is fitting that a debate on food security should be initiated by a Member with the name Mark Spencer. He stresses the importance of new technologies. Does he agree that is fundamentally important that the Government invest in them, to ensure that the farming community can avail itself of the technologies so that the prospect of feeding the population is more easily achieved?

Mr Spencer: The hon. Gentleman is correct that we need to invest. We are actually reducing the amount that we are putting into research and development in the industry. We have not been very good at that. This Government are assisting a little bit, but it is a small step back in the right direction. We have not put enough into research and development. The amount that we spend is dwarfed by the amount being spent by other countries around the globe. We are going to lose our reputation and position at the forefront, the cutting edge of those developments and technologies. This country has always succeeded by leading the way. We were the leaders during the industrial revolution, which gave this small nation a global position, making it the Great Britain that it is.

Globally, farmers have earned an extra €34 billion since the introduction of biotechnologies, 44% of which resulted from yield gains and 56% from the reduction of production costs. I mentioned the benefits of nitrogen-fixing wheat. Improving the root structure of wheat would enable it to be grown in other countries, such as central and northern Africa—places where at the moment it is too dry. The benefits would include not only the ability of this country to feed itself, but the chance for African countries to feed their populations and improve their lifestyle. It could also have massive implications for the environment. The amount of nitrates we use could be dramatically reduced, which would assist in the management and protection of the environment. The amount of pesticides that we use could be reduced. I have never met a farmer who likes using pesticides—they are very expensive. Finding a technology that would enable us to spray fewer pesticides on to crops—which themselves could be more disease-resistant—would benefit farmers and consumers.

In the UK, yields of oilseed rape since 1995 have risen approximately 0.5% year on year. In Canada, they are rising 3% year on year, simply because it is making use of those new technologies. Its farmers' ability to produce more from the same amount will make them more competitive than ours.

It is exciting to see technologies open up. Imagine producing an apple that reduced cholesterol or a tomato that prevented bowel or breast cancer. All of a sudden the media perception of "Frankenstein foods" as something to be feared and avoided would be turned on its head. Consumers would be clamouring to make the most of the new technologies and these "wonder foods" that were cures and were helpful. There is a lot of work to be done and there is a lot of speculation; I acknowledge that, but the technologies are there to be explored and could be of great benefit.

There are clearly concerns. The consumer is concerned about these products. We referred to the fact that people worry about change. We need to recognise that and ensure that we take people along with us in an open debate. It is also worth recognising that technologies used in the past have occasionally broken down. There

[Mr Spencer]

have been mistakes. Those involved in agricultural industries will remember a wheat variety called "Moulin", which was marketed, but when it came to the point where it should pollinate it did not work. That was disastrous: farmers had zero yields, having grown the crop for a year. We need to ensure that we do this properly, that the scientific evidence is correct and that we explore the technologies in the right manner. The only way to do that is to do the research and the trials. I ask the Minister to assist in facilitating those trials in the UK, so that we can test the water and try out some of the technologies under controlled circumstances, to see if they have anything to offer to solve the problems that we shall face globally.

The organic sector often expresses concern that there will be cross-contamination—that bees will fly from GM crops to organic crops. In the US there is a thriving organic movement and both systems sit side by side. Consumers have the choice of new technology, traditional or organic food, and it seems to work well.

Who is leading the way? I have mentioned the US and Canada, but China is doubling the amount it is spending on agricultural biotech research and development in the next five years. It is currently spending $400 million on research and development—20% of world investment. The European Union will be left behind if we do not step up to the mark, get stuck in and try to keep pace. Genetic modification technology is currently being used by more than 14 million farmers around the world. That is a landmass equivalent to the whole of France, Germany, the United Kingdom and Ireland. It is no small trial. It is happening on the other side of the globe as we speak. More than 2 trillion meals containing GM ingredients have been consumed over the past 13 years without a single substantiated case of ill health.

Given the fuss that we make about peanuts because every now and again someone has an allergic reaction to them, it seems unbelievable that we are not out there in white suits and little masks tearing up peanut fields because of the impact that peanuts have on people's diets. However, whenever somebody mentions new technology people with placards want to wreck the trials and research.

I appeal to those who feel the need to wreck those trials not to do so, because we need to find evidence that they work and to establish the technology. If those people are correct in thinking that the technology will not work, we need to do the trials to establish the fact so that the technology can be stopped. My appeal to all involved is to engage in the debate: supermarkets, growers, retailers and producers should come to the table to talk it through, to do the research and development and to settle the argument once and for all. If the technology is available to assist us, we need to enhance it.

What is the implication for UK producers and consumers? Clearly, GM is in production and in circulation. Soya, maize and tomatoes are intrinsic to our diet. I put it to Members that at some point we will all have consumed a GM product without realising it—probably as a soya-based product, perhaps in a pizza or in processed food. The country has a choice. Should we go down the same route as the Austrians and be completely GM-free, not having GM and labelling all our food to ensure that we protect ourselves from the perceived problem; or do we embrace GM and label our food so that people can make a clear choice?

If we go down the GM-free route, our farmers and producers may be able to attract a small premium. However, I believe that commodity prices will continue to rise, and that the global economy and the increase in the global population will have an impact.

Jim Shannon: Is the hon. Gentleman aware of the work that has been done by universities across the United Kingdom on GM foods, particularly by Queen's university? They have been in contact with companies and businesses to perfect GM foods and move forward. The advantage that Queen's university has for those businesses is that everyone gains. Is he aware of that, and if so will he comment on it?

Mr Spencer: I am aware that a number of universities are participating in research, and I appeal to those institutions to give the universities the support that they require to continue with it. It emphasises the fact that the United Kingdom has the scientific brains to do this. We have the willingness and the intellectual power. What we need now is a fair crack of the whip—a bit of financial support and some understanding among the population of the technology. We need to debate the matter so that people can understand it and embrace it—or, if it is not the correct route, to say that it has been considered but that it is not the direction to go. The only way to achieve that is through good scientific research, and I am grateful that Queen's university is involved in that great work.

I return to my scenario. We have a choice. We either go down the GM-free route or we embrace the technology. If we choose to go down the non-GM route, however, it will be difficult to ensure that our borders are GM-free. For example, meat products will be important but we will have no means of testing whether those animals have been fed on a diet of genetically modified feed. UK producers will be producing free-range chickens for the supermarkets, but those birds could be sat on the shelf next to Brazilian chickens that had been fed on cheaper GM wheat and were being sold for £2 less. Will the British consumer know why the Brazilian chicken is £2 cheaper, or be aware that the other chicken is more expensive because it is GM-free? It will be almost impossible to police. As commodity prices start to increase, the consumer's unwillingness to tolerate or accept new technologies that give them good, healthy, quality food at the right price will diminish over time. That is why we need to push forward and ensure that we are competitive.

Enormous global changes are afoot that are out of our control. The United Kingdom has no control over global population. We have no control over world energy prices. We have no control over the climate; we should acknowledge that the human race cannot control what happens to the weather. However, we are in control of our ability to use the available technologies. We should embrace those technologies, consider them, discuss them and ensure that we are at the cutting edge as we move forward. If we are going to be sustainable, and if we are going to keep ourselves fed, we need to use all the tools that are available to us. I believe that we should explore the prospect of biotechnology being one of the tools that we should be using.

10.7 am

George Freeman (Mid Norfolk) (Con): I apologise for being a few moments late, Mr Streeter, and I thank you for calling me to speak and giving me the chance to contribute to this important debate. I congratulate my hon. Friend the Member for Sherwood (Mr Spencer) on securing the debate. Like my hon. Friend and others here today, I believe that the subject is rather more important than is suggested by the coverage that it receives in the Chamber. Perhaps this debate is a precursor to a bigger one on the Floor of the House.

I speak as a new Member who had a career in biotechnology. I dealt mainly in biomedical technology venture capital, but come from a farming background and once, many years ago, worked for the National Farmers Union in policy development. I have long taken an interest in the subject, and I believe that there would be substantial public interest in it if enough of us were prepared to talk about it in the right way, as my hon. Friend did so eloquently this morning.

To that end, Mr Streeter, I declare an interest. I worked in biotechnology for 14 years, and I have a number of small shareholdings in small companies which are all declared in the Register of Members' Financial Interests. I serve as a non-executive adviser to Elsoms seeds, Britain's last independent family-owned seeds business, and to the Norwich research park where some of our leading agricultural science is being carried out.

My hon. Friend the Member for Sherwood spoke eloquently about the huge opportunities of biotechnology and the huge challenges faced by the Government, Parliament and the country in the years ahead, given the pace of globalisation and population growth and the enormous pressure on farmers around the world to grow more from less. He mentioned projections for explosive population growth and the huge pressure to reduce inputs, particularly energy and water that will result—and, I might add, the potential for those problems to lead to serious geopolitical tensions. If we look around the world today, we see that underlying some of the most acute regional conflicts are issues to do with poverty and with tensions around resources. Therefore, this is about not just science and agriculture but geopolitics and major issues around international security.

Like my hon. Friend, I feel strongly that agricultural biotechnology holds enormous potential to help us solve some of the biggest issues that face our generation. Moreover, it is a matter that transcends party boundaries, and I suspect that we shall hear much of that from the Opposition Benches this morning.

Let me highlight three personal experiences that endorse my hon. Friend's comments. I have recently had the great privilege to visit the John Innes centre and to see the work that is going on to develop a blight-resistant potato. If we were to explain properly that stunning piece of technology to the public and to the people who do their weekly shop in the supermarkets, they would quickly understand the benefits. The technology would enable us to grow blight-resistant potatoes without having to use the 14 different applications of pesticide that are currently required. There would be huge environmental benefits with massive reductions in energy input into agriculture in the field. That is British technology, developed in this country, and it has enormous global potential. We should be proud of it; we should be talking more about it and celebrating it.

I also had a chance last summer to see another wonderful piece of work at the John Innes centre. Scientists are looking back through historical wheat varieties and cross-breeding varieties of wheat from different parts of the world. In one case, they have taken traditional Afghan breeds with short stems that are well adapted to grow in the Afghan climate and genetically manipulated them—others would describe it as cross-breeding them, which is what people have been doing in agriculture for thousands of years. They have been trying to produce a short-stemmed wheat crop that is well adapted to grow in Afghan conditions but with a much higher yield. Imagine the geopolitical implication that that would have for helping our development and military objectives in Afghanistan. Such a project provides a very good example of the technologies that we are developing in this country.

In my capacity as chairman of the all-party parliamentary group on science and technology in agriculture, I met two delegations from Brazil and Uganda. The Ugandan delegation was led by a gentleman who is pioneering the use of biotechnology in the banana industry in Uganda. In Brazil, the delegation comprised a huge consortium of soya bean farmers. It was pioneering not just the application but the science and research of genetic technology in the soya bean sector, with huge environmental and economic advantages. I confess to having been taken aback by the scale, professionalism and the commercial application of these technologies in countries that we sometimes refer to in this House as the developing world. Such countries are more than developing, they are very developed, and they are trading with each other very fast and growing into a position of global leadership. Although we should be proud of the science that we have in this country, we are in danger of lagging behind in the application, commercialisation and international roll-out of such technologies. I know that the Minister feels strongly, and has talked eloquently, about that.

Biotechnology sits right at the heart of this coalition Government's programme in so many ways. First, on the environmental agenda, the Prime Minister has spoken eloquently about this Government being the greenest Government ever, and agriculture biotechnology sits at the heart of that. Secondly, the Government have set out a radical programme for growth, rebalancing the economy and reducing our dependence on financial arbitrage in the City. I argue that investing in and backing British science and technology companies would give our City financiers more substantial things to invest in and to back and it would do wonders for our growth potential.

Biotechnology sits at the heart of the health agenda. If we are to develop the healthy society that we all crave and to get into health prevention, we need to explore some of the enormous benefits and economic opportunities that come from functional foods and nutraceuticals. If we put our traditional strength in food—retailing, manufacturing and processing—and combine it with our science, this country could lead the world in what I believe is a coming revolution in functional foods and nutraceuticals.

The Government have, rightly, put overseas development at the heart of their programme. Biotechnology can help the developing world to move away from its dependence on aid and to strengthen its development through trade.

[George Freeman]

This is a vital agenda that sits right at the heart of the coalition Government's programme in so many ways.

Given the economic potential and the political and international importance of biotechnology, it is odd that the debate in this country is so skewed by a very noisy, cynical and, at times, hysterical anti-science lobby that is given too much air time. All of us who understand the power of this technology need to speak up, as we are today, and explain the benefits. There has been quite a lot of public concern about some of these technologies—my hon. Friend referred to stem cells, with which I am familiar. My own experience in biomedical science is that once the benefits are clear—and nothing focuses the mind like the prospect of having one's life doubled in length by heart surgery—and, crucially, the public are satisfied that an appropriate regulatory framework is in place, which means trust in this House and trust in the process and regulation of science, there is the potential to unlock public support for this revolution. We must concentrate on the benefits of such technologies and have a cross-party commitment to transparent regulation. It is crucial that we are science led and evidence based. We must take scientific evidence properly and create a framework for policy making that is science led, on which, I know, the Minister is strong.

I enjoy knocking on doors and saying to voters in my constituency, "Aren't you excited by the technology that is being developed just across the boundary in Norwich at the research park? Imagine, madam, what a blight-free potato would do for the environment, the bird life in our hedgerows in Norfolk, productivity, Norfolk's farmers, the quality of the food you eat and for the world potential for trade and development." Unless we say such things, the consumers are not aware of the benefits. If we speak up, we will find that there is huge popular support and that the sometimes hysterical media coverage does not adequately or correctly reflect public opinion.

I will finish there because I know that Members are waiting for the Minister's comments.

10.17 am

Mr William Bain (Glasgow North East) (Lab): It is a pleasure to serve under your chairmanship, Mr Streeter. I congratulate the hon. Member for Sherwood (Mr Spencer) on securing this debate. He made an extremely wide-ranging, comprehensive and thoughtful speech. I also commend the remarks made by the hon. Member for Mid Norfolk (George Freeman), who gave the House the benefit of his expertise in this area.

This debate is particularly timely because of the recent spike in global food prices. Yesterday, the *Financial Times* reported:

> "Global food prices have reached a nominal all-time high, surpassing even the peak seen in 2007-08—when bread riots rocked poorer countries."

Although rising food prices may be a great inconvenience for consumers in the United Kingdom, they are particularly worrying for the poorer economies, such as Brazil and India. In India and China, food costs account for almost 50% of household outgoings, so the impact of rising global food prices will be particularly badly felt in those countries.

I commend the remarks made by Professor John Beddington about 18 months ago at the sustainable development conference. He said that if we do not take much more intensive action to increase global food production, we face "a perfect storm" of problems by 2030. He said:

> "Our food reserves are at a 50-year low, but by 2030 we need to be producing 50% more food. At the same time, we will need 50% more energy, and 30% more fresh water."

It seems clear that the use of biotechnology and policy across the EU and G20 must focus on producing more hardy crops, less wastage in terms of crop yields and better use of existing water supplies.

In responding to the debate, there are three areas that I want to touch on. The first is biofuels, which the hon. Member for Sherwood referred to. Through my role in a previous life—my first Front-Bench responsibility, as shadow Minister for Transport—I know that the Minister's colleagues in the Department for Transport are engaged in a consultation on the renewable transport fuels obligation. There is no question but that sustainable biofuel production has a great deal to offer, both to our economic output and to reducing CO_2 emissions. However, we must be careful about which biofuels we support and invest in. The Government have already taken very welcome action on palm oil; however, there are concerns about some biofuel production, including some bioethanol production, which the Institute for European Environmental Policy has expressed. The IEEP has calculated that the indirect effect of the switch from food production to biofuel production could be to take between 4.1 million and 6.9 million hectares out of food production across the EU. As a result, that could lead to between 26 million and 56 million tonnes of CO_2 emissions being put into the atmosphere.

When the Minister responds, it would be useful if he told us what efforts the Government are making to shift investment and support in research and development and other incentives away from first-generation biofuels and into second-generation biofuels, such as cellulosic ethanol, the use of biofuels from algae and the use of woodchip, all of which are much more sustainable means of biofuel production than simple bioethanol production. It is clear that we must do nothing to put small-scale bioethanol producers in difficulty, but we need a real analysis of what large-scale bioethanol production is going to contribute, in order to establish whether it might be damaging overall in our fight against CO_2 emissions. I hope the Government will be able to conduct that analysis in the next few months.

The second crucial point is the importance of increasing investment in agricultural research and development. Work has recently been done by the academic community on this subject. The two authors, one of whom is based at the university of Bournemouth, of a paper I have been reviewing this morning entitled "Agricultural R&D, technology and productivity" make an excellent point about the benefits—in a sense, the disproportionate benefits—that accrue from investing in agricultural research and development by boosting both global food production and the overall investment in science. Since the second world war, increasing agricultural productivity has allowed food output to keep pace with demand, but that link will perhaps not be evident in the next few years.

It would therefore be useful if the Minister told us today what representations the Government have made at EU level about how the EU can boost R and D investment. Such investment must be boosted in the public sector. It is an aim shared absolutely by Members across the House that we want the EU to spend less on direct subsidies and more on investment in science and agricultural R and D. However, the Government must also consider how to improve the levels of private R and D. For example, what discussions is the Minister having with his Treasury colleagues ahead of the Budget to develop new initiatives that will strengthen private companies' ability to invest in R and D, building on measures such as the R and D tax credit that the previous Government introduced? Also, can he give the House an assurance that levels of agricultural R and D will be higher at the end of this period of government than when the coalition took office?

The scale of the investment that will be needed is staggering. The paper that I referred to says clearly:

"By 2050, the world population is expected to grow...to 9.1 billion...and allowing for increased incomes and changes in diet"—

the hon. Member for Sherwood referred to those changes, including the immense growth in meat consumption in China—

"global demand for food...to grow by 50 per cent by 2030 and 70 per cent by 2050...The estimate"—

for the increase in agricultural R and D investment—

"is 1.34 per cent...per annum."

That would be a massive step change in the magnitude of investment from current levels.

The Government must address this issue here in Westminster, but frankly, they must also address it at EU level and at the G20. Has the Minister discussed with the Prime Minister the latter's raising the issue of biotechnology in discussions at the G20 this year? It is clear that if we do not start to increase the levels of agricultural R and D spend now, it will be very hard to meet the targets for increased food production and innovation that will be required by 2050.

The third area that it is important to address is, of course, genetic modification. The hon. Member for Mid Norfolk was absolutely right that the debate about genetic modification must be rational and based on science. However, I depart slightly from the hon. Member for Sherwood's analysis, in that my understanding is that last year, the EU decided to devolve down to member states the issue of determining whether genetically modified technology should be used. Therefore, GM technology will be an issue for the UK Government to decide on by assessing the best available science, the level of commitment to such technology, and whether they will permit its large-scale roll-out.

Clearly, there is an important national debate that we need to have. Many people in the food production industry and many academics who have looked at the problems we will face have said that there are clear benefits from investing in GM technology, for precisely the reasons, including innovation, that we heard about from the hon. Members for Sherwood and for Mid Norfolk. However, there are also concerns—very reasonable ones—that we must all address about the potential health issues that may arise decades down the line. It is important that we continue to invest in the science in order to gather the best possible data we can get, so can the Minister tell us what levels of investment in research in GM technology the Government will provide by the end of this Parliament?

The title of this debate is "Biotechnology and Food Security", and it is clear that conventional biotechnologies such as breeding techniques, use of tissue culture, cultivation practices and fermentation have been readily used and accepted. Between 1950 and 1980, before the development of genetically modified organisms, modern varieties of wheat increased yields by up to 33%, even in the absence of fertiliser. Modern biotechnologies used in containment have been widely adopted. For example, the industrial enzyme market in the US reached $1.5 billion in 2000.

However, we now need a step change if we are to produce higher crop yields, make better use of water and increase sustainable food production—without increasing our overall emissions of CO_2 or other greenhouse gases—such that we can meet the competing but necessary objectives of reducing and alleviating climate change, and achieving greater levels of food production.

I hope the Minister can address those points. There is a consensus on the Front Benches about the need to increase food production. I hope the Minister can reassure us that the Government are committed to increasing R and D levels, particularly agricultural R and D, in both the public and private sectors, and that we can move forward together to tackle this issue, which is of enormous interest to our constituents and to people in many other countries across the world.

10.29 am

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): Good morning, Mr Streeter. It is good to serve under your chairmanship. I welcome this debate and congratulate my hon. Friend the Member for Sherwood (Mr Spencer) on securing it and raising the issue of food security. He highlighted, as did my hon. Friend the Member for Mid Norfolk (George Freeman) and the hon. Member for Glasgow North East (Mr Bain), the challenges that the world will face during the next few decades.

I was going to refer to Professor Beddington's comments about the perfect storm, but as the hon. Member for Glasgow North East has already done so, I will not repeat them. It is clear from this debate and many others that there is a growing recognition that many issues are coming together: climate change, population increase, population prosperity, and the consequent demand for more and better-quality food and the problem that due to climate change, some arable land may cease to be suitable for arable production. The coming together of those issues creates a huge challenge that affects many areas: the European situation, the single market, the competitiveness of our production and the interface between food science and our approach to innovation and technology, on which much of this debate has focused.

This is an important debate. I was impressed by the opening comments of my hon. Friend the Member for Sherwood about the desire to have a serious debate that eliminates much of the emotion, and indeed the emotional nonsense, that we sometimes hear, avoids the over-generalisation and simplification incorporated in many comments and addresses the issue seriously.

[Mr James Paice]

The Government's overall policy is to enhance the competitiveness and resilience of our food chain and, as I have said repeatedly, to reverse the decline in UK production.

However, we seem to be in an invidious position. The hon. Member for Glasgow North East referred to global food prices, specifically the spike of two years ago and the current all-time high. Obviously, one concern is the impact that that is having on the ability of consumers, particularly poorer consumers, to sustain a reasonable diet. Back home, Finance Ministers and Chancellors around the world are concerned about its inflationary impact. Yet at the same time, the rise in global food prices is in many ways a direct consequence of moving agricultural policy, not just in Europe but elsewhere, closer to the world market situation rather than maintaining the sorts of protectionist arrangement used in the past. Many have always argued that consumers overpay for food under the common agricultural policy, but now that we are not subsidising food production, they pay even more. Some of the simplistic arguments used in the past are not very accurate.

Some people argue that what we do in the UK is of little consequence as agriculture is not a big industry, and that in global terms we do not need to worry very much about it. I emphasise that that is not the Government's view. The whole food chain contributes some £85 billion per annum to our economy, or 7% of gross domestic product, as well as 3 million jobs. Food manufacturing is the biggest individual manufacturing sector. It plays a major role in delivering our economic growth and, obviously, in the environmental impact of our food industry, so we want to support it in any way we can.

The long-term challenges that we have been discussing also offer great market and productivity opportunities for our agriculture. Achieving our food security objectives sustainably is also important to achieving the biodiversity outcomes that we all want to achieve, such as the convention on biological diversity to which we signed up in Nagoya a few weeks ago and, closer to home, our climate change objectives and millennium development goals.

As most Members have said, there is obviously a great EU angle on the issue, and I will return to that in a few moments in the context of genetically modified foods. As my hon. Friends have said, we have already achieved a tremendous amount in the 50 or 60 years since the second world war and the food shortages that caused countries in different parts of the world to develop their own forms of policy. Our guaranteed price system was introduced in 1947, and the EU intervention system was introduced when the common market was first formed.

The varieties of our major crop plants have improved massively. Initially, they improved predominantly in yield, then in disease resistance and, as my hon. Friend the Member for Mid Norfolk said, in suitability for different climates, pest resistance and other aspects. That has all been achieved, but biotechnology opens up a whole new range of possibilities. The term "biotechnology", as he also said, covers a multiplicity of different techniques. GM is often described, but biotechnology also includes genomics, cloning, the use of enzymes, marker-assisted selection and gene sequencing. As with all science, it is moving faster and faster. In the 1990s, the characterisation of the human genome took 10 years; our current technology could do it in two days. That is the rate of acceleration in scientific development.

There is no doubt that biotechnology has huge potential to provide quicker and more efficient developments in plant breeding. Biochemical or DNA testing can identify specific genes responsible for different traits, and biotechnologies such as marker-assisted selection or genetic modification offer further tools for ensuring that such genes can be used. However, it is important to emphasise that whatever aspect of biotechnology we consider, Government policy must be science-led and science-based. There should be no other basis for it.

The different technologies that I have listed pose different challenges. Some, like marker-assisted selection, do not seem to pose any risks and create little public concern. Others, such as GM, have raised concerns. Obviously, health and environmental safety must be absolute priorities when we consider GM technology. I believe that the combination of EU and UK risk assessment and regulatory regimes demonstrate that, and that we will proceed on that basis using the latest available evidence.

Much of this debate and many of the understandable challenges posed to me by the hon. Member for Glasgow North East relate to research. He knows full well the answers to some of the questions that he has asked me. I do not criticise him for that; it is a traditional form of opposition, as he knows that I cannot answer some of them. However, I will try to respond to all the points made.

I emphasise that the Government are spending about £400 million a year on agriculture and food research and are working directly with industry to support competitiveness and innovation in food through the Technology Strategy Board's sustainable agriculture and food innovation platform, which the Labour Government introduced. That was a good idea and a good innovation. Funded jointly by the Department for Environment, Food and Rural Affairs and the Biotechnology and Biological Sciences Research Council, the Technology Strategy Board is investing up to £90 million over five years to provide match funding to industry for technological research and development. I cannot narrow down precisely how much of that is spent on GM, but it is part of the totality of spending.

On the wider issue of research spending, as the hon. Gentleman knows, clearly research could not be immune to the pressures of reducing the public deficit, but the fact that the Government have maintained spending in cash terms over the whole spending review demonstrates the importance that we attach to it commensurate with all the other demands for public spending.

The hon. Gentleman rightly referred to the private sector. Obviously, what the TSB is doing with match funding is important, but the role of the private sector must continue to increase. In fact, a large proportion of the development of GM technology has occurred in the private sector. That is the reality of where it has come from. We can be pretty critical of how at least one major plant breeder has handled the public relations aspect, which has caused some of the problems with public opinion on GM.

My hon. Friend the Member for Mid Norfolk mentioned the John Innes centre in Norwich, and the National Institute of Agricultural Botany is based in my constituency. Both are freestanding research organisations that are doing a tremendous amount of work. Some of their project work is funded by the Government, but much of it is funded by outside organisations.

George Freeman: On the question of funding for science, I endorse the Minister's point about the relative protection for science funding provided in the recent settlement. My experience of talking with science research institutes is that they recognise that in a time when Government funding is severely constrained, the Government have done as much as could be expected to protect the core research budget. The point I want to make relates to the technology innovation centres, which are part of the Government's policy for promoting integration between research and the private sector. Does the Minister agree that there might be a case for having a food science-related TIC to try to pull together our strengths in places such as Norwich, Reading, Liverpool and other centres that might otherwise fall between the stools?

Mr Paice: My hon. Friend puts his finger on an important point. As he knows well, there is already a huge amount of collaboration between the organisations I have mentioned and other important plant science centres, but it is an area where one can never do too much. I entirely share his overall approach, which is that we need to do all we can to ensure that we deliver the maximum benefit and that there is no risk of duplication.

Before speaking specifically on GM, I wish to pick up on a couple of points that the hon. Member for Glasgow North East made on bioethanol, biofuels and their sustainability. I appreciate his point about the measures that we have already taken on palm oil. I am afraid that I cannot give him a figure off the top of my head for research into second generation ethanol and biofuels, but I will be happy to write to him on that, and on EU spend, with all the information I can give.

That obviously leads to the question of CAP reform and where we go from here. I entirely share the hon. Gentleman's view that we must concentrate CAP resources on moving agriculture forward, rather than on our current direct payment system—there is a degree of unanimity across the Benches on that—although in no way do we propose that the direct payment system should go in the short term, as that would destroy agriculture as we know it in this country. Clearly, however, we want to see a gradual shift away from that to more clearly identifiable public benefits, and in our view R and D is a key part of that. We definitely want to see more CAP expenditure spent on R and D, and I can assure him that that is part of our approach to reform, although it is terribly early days – we probably have a two or three-year programme of debate and discussion.

I will now turn specifically to genetic modification, an area of huge emotion and oversimplification. GM involves the insertion of foreign genes carrying a specific trait into an existing plant. It is the only technique – I differ slightly with my hon. Friend the Member for Sherwood on his description of this point—that allows one to cross-breed genetic material from unrelated organisms, which means overcoming a specific barrier. It is not just a case of speeding up what would happen anyway, but involves doing things that could happen in nature only by a completely unpredictable mutation. The insect resistance that has been bred into maize, which has been of huge economic value to the industry, was achieved by taking a gene from a completely unrelated plant. The same was the case with the early work that made oilseed rape and soya resistant to the chemical glyphosate, thus allowing the overall crop to be sprayed. That required a gene from a plant that was resistant to be inserted into a plant that was not, so that it became resistant.

There is a great risk of over-generalising, and those who call for a moratorium or freeze on all GM work are missing the point. Every individual trait must be separately assessed and tested, and my hon. Friend the Member for Sherwood is right about the importance of field testing before deciding whether to allow commercial production to proceed, because each is a unique development and one cannot make those generalisations.

I am afraid, Mr Streeter, that I am taking advantage of the fact that I have a little more time than is normally available, but I think that these are key issues. It is important to recognise that the traits that are the subject of GM are moving themselves. Critics saw the early tests as a way of simply putting more money into the hands of chemical companies or farmers, but we are now beginning to see traits in GM that are more relevant to the consumer and the wider community, such as the work on genes that encourage high omega fats in oilseed rape and other plants. Drought resistance and the ability of plants to grow with much less water have been referred to. That will be of huge benefit to the developing world in the short term, but because of climate change it could also become far more relevant in this country. As my hon. Friend the Member for Sherwood suggested, the holy grail in such research is to breed a grain that is leguminous. That brings us back to sustainability, which must be a cornerstone of agricultural development in coming years.

The Government are close to finalising our overall policy on GM. It is a sensitive issue and obviously there are many views. We want to get it right, so the debate and the speeches that have been made this morning are timely. It is not desperately urgent, although we need to move on quickly. No commercial GM crops are being grown in this country at present. We had two research trials last year, one by the Sainsbury laboratory on blight-resistant potatoes and one by Leeds university on nematode-resistant potatoes. The issue of vandalism was raised in the debate, and I am pleased to say that those trials were not attacked – security for them was paid by BBSRC, and a little was paid by DEFRA. I share my hon. Friend's view that if we want to know whether there is a risk with those crops we need to test them, rather than rip them up in the first place. I want to assure the House that if we decide to approve the planting of GM crops, it will be based not only on science, but on strict criteria for crop segregation, both in the field and post-harvest, together with effective rules and protocols on the liability that comes from that, and my hon. Friend referred rightly to organic farm production in that context.

[Mr Paice]

One issue is particularly topical—imported animal feed. The world price of grain and soya has rocketed in recent months, meaning that our livestock producers are facing immense problems in obtaining sufficient volumes of GM-free soya, which is what they have to use. That is partly because the current EU rules for the import of soya do not allow for any contamination by an unapproved GM product, which means that most shippers are unwilling to take the risk because the detection of even the slightest amount of GM product would mean that the whole consignment was rejected. The EU has tabled a proposal that would effectively set a 0.1% tolerance level in grain imports for certain GM materials that were not yet approved in the EU, but that were in the approval process. That seems to be a common-sense way of proceeding that would reduce the risks posed to grain imports by the present rules. No decision has been made and we are looking at the detail of the proposal before the vote in February. As I have said, we think it is eminently sensible.

Insect-resistant maize and starch potatoes are being grown commercially elsewhere and other crops are in the regulatory pipeline. Overall, as my hon. Friend the Member for Sherwood said, Europe grows far fewer GM crops than most of the rest of the world. Those crops now cover more than 9% of the world's arable land—an area five times the size of the UK—and involve 25 countries. We cannot ignore those facts. That has all happened in about 10 years, and production is rocketing year on year.

It is clear that many farmers see the advantages of using GM, and many experts such as those at the Royal Society believe that it could provide benefits if it is used safely and responsibly. However, it is not a panacea. We should not kid ourselves that GM will be the answer to all our problems—the answer to Professor Beddington's perfect storm—but it could well be one of the tools that we need to address the longer-term challenges of global food security, climate change and making agriculture more sustainable.

That is why the Government are determined to move forward with these issues. We do not believe that we can put our hand up and say "stop" to science at any point. We have to see what scientific development is producing, and ensure that it is safe for humans and the environment and that we have the necessary robust evidence on which to make decisions. We believe that GM has a potential benefit in the context of food security, and we are looking hard at developing a final policy to enable it to be realised.

Few people have referred to the role of the consumer, which is critical in all of this. The law already states that any foodstuff that contains genetically modified material has to declare it if the GM in a particular ingredient exceeds 0.9%. My hon. Friend the Member for Sherwood mentioned pizza. If more than 0.9% of the soya—not the pizza but the soya in the pizza—is GM, it has to be declared.

Consumers have information with which to make their choices. Sadly, as my hon. Friend and others have said, those choices are often influenced by emotion based on some rather hysterical press notices. I hope that this fairly short but important discussion will enable us to move the debate on. It is more the format in which it ought to be carried on, and I hope that the more serious parts of our media will engage in genuine discussion and debate about the benefits of using and potential concerns about GM products.

Sir John Beddington will be publishing the foresight study, "Global Food and Farming Futures", in two or three weeks' time. I cannot say much about it as I do not want to pre-empt what he will say, but I know that the report will have a great deal to say about the role of GM in future food production.

Mr Streeter, I am sorry for usurping the opportunity to speak longer than is normal in these debates, but this is an important issue. GM has an important role to play in our future food security, for all the reasons that colleagues on both sides of the Chamber have given, but we have to take precautions. We must ensure that individual elements are properly assessed and measured before we take risks with either our food safety or our environment. As I said, my Government hope to introduce our own overall proposals in the near future. I am grateful to you for chairing this debate and to my hon. Friend the Member for Sherwood for raising it.

10.53 am

Sitting suspended.

Flooding (Steart)

11 am

Mr Ian Liddell-Grainger (Bridgwater and West Somerset) (Con): I am very grateful that I have the chance to debate the issue of flooding on the Steart peninsula in the Bridgwater and West Somerset constituency. If hon. Members fail to recognise the name, they should fear not: Steart is a small, flat place at the mouth of the River Parrett, where the river trickles into the Bristol channel. They should remember the name; I promise that at the close of this short debate, Steart will be engraved indelibly on all our hearts.

We are talking about 1,000 hectares of land, much of which is below high-water level at spring tide. That is, and always has been, the nature of this extreme corner of the Somerset levels. The village of Steart is near the tip of the peninsula, less than a mile and a half east of the villages of Stockland Bristol, Combwich and Otterhampton. The seaward fringe is generally higher than it is inland, and has a gravel and sand formation, which is possibly the old barrier beach. The Romans, believe it or not, did a pretty good job of preventing the sea from stealing the land.

Records show that the Steart coastline and the River Parrett have often changed position. Nature has been playing a muddy game of musical chairs for hundreds of years, and in the 1700s the Steart peninsula was cut off from the mainland altogether. Even today, the Parrett's low water channel regularly shifts. Steart's defences now rely on what was built back in the 1950s. A lot of money was spent and the system creaks, but it works. The defences still, of course, need maintaining, and this is where the story comes of age.

The people now paid to maintain flood defences for Steart are in that all-singing, all-dancing quango the Environment Agency. Hon. Members will gather that I am not a great fan of the body. It employs thoroughly decent and talented people locally, with whom I believe I have a good relationship, but the top tiers at head office have begun to believe their own glowing publicity, and all too often come across as a bunch of cocksure know-it-alls.

With permission, I shall read the opening statement of a consultation document on the Steart peninsula that the agency published last year. I am sure that the Minister would like to hear this—it sounds like a glossy TV advert. It ought to be read by an oily voiced actor, with uplifting music in the background, but I am afraid that hon. Members will just have to use their imagination:

"We are The Environment Agency."

pause for a drum roll, followed by close-up shots of smiling families gazing up at the agency's queasy green logo—

"It's our job to look after your environment and make it a better place—for you, and for future generations."

In case this is all too emotional, I shall of course pass tissues around to the ladies.

"Your environment is the air you breathe, the water you drink and the ground you walk on."

Someone must have been paid to write this patronising drivel—I do not know who.

"Working with business, Government and society as a whole, we are making your environment cleaner and healthier...The Environment Agency. Out there, making your environment a better place."

Terrifying. They could have fooled the people of Steart, and me!

The Environment Agency's name is, literally, mud in my neck of the woods. Just before Christmas, it bunged in a planning application to build an experimental flood bank on the Steart peninsula. Putting in a planning application just before Christmas is rather reminiscent of a Chancellor publishing his Budget by means of a written question on a Friday afternoon—we have had experience of that. The Environment Agency was trying to slip something nasty under the radar. Apparently, it wants to test a long-term idea for a huge permanent structure to see if it would work. One would think that, with all its boasts of making the world a better place, it would have actually done some scientific work, and at least calculated the risks in a laboratory. Bridge builders do not build experimental bridges across rivers just to see if they will work. But, we should never forget that the Environment Agency loves spending money—our money.

The agency's long-term dream is to spend £28 million of taxpayers' money, sinking it all into a scheme that will not protect Steart from the sea at all. That amount would buy the new hospital that we desperately need, and have been waiting for, in Bridgwater, or it could be used to complete the two schools in my constituency on which the Government have pulled the plug. But the Environment Agency wants us to earmark that sort of big money to sink the Steart peninsula for ever, and for an extravagant, cockeyed reason it now wants to indulge in a trial run.

I must quote what the agency wrote in support of its application—it is absolutely marvellous:

"We have carried out an initial site investigation,"

Hallelujah!—

"which has shown that the foundation soils are weak and highly compressible, making ground conditions less than ideal for a simple embankment construction. In order to progress the design, it is necessary to obtain more information".

It has been looking at this for only 20 years. It wants to build an embankment 150 metres long, four metres high and 53 metres wide, just to check whether it works. Either that is lunacy, or those responsible come from Essex. Hon. Members will appreciate my constituents' fury. My constituents know the place and actually live there, unlike most of those in the Environment Agency. They understand the challenge of farming the land and, I am afraid, the real hazards of the incoming sea. This so-called temporary embankment will actually increase the risk of flooding, but I reckon that that is what the Environment Agency wants anyway. The truth about the agency's real ambition is buried in its consultation document, some sickly bits of which I have quoted. Wading through the twaddle, we get to the nub:

"There is a significant need for additional intertidal habitat on the Severn Estuary to meet the Environment Agency's international obligations and offset losses due to coastal squeeze."

"Coastal squeeze" is a great phrase—it sounds like a dodgy woman.

A bit of the document is not in plain English, so I will try to make it easier for everyone to understand—my apologies, of course, to hon. Members. The Environment

[Mr Ian Liddell-Grainger]

Agency is running scared of Europe; I hope that the Minister is not. One does not have to be a geographer to know that Brussels is a long way from the briny. But, surprise surprise, the busy bureaucrats have come up with a plan to interfere with everyone who lives by the sea. The Commissioners are also extremely partial to sea birds. They have invented a policy that basically says, "Let nature do its worst. It doesn't matter. Come on, Noah—where are you? Every flood is good news for the buff-breasted sandpiper." I have severe doubts about the sanity of this so-called European obligation. I am also slightly dubious about this love affair with sea birds. It is extremely rare to see any sort of bird in Europe. Europeans tend to shoot everything that flies, and then eat it. It is much better for them if a long-billed dowitcher turns up in a pâté served in Brussels at €150 a plate. However, these days even the most craven Eurocrat bird-killer has to pretend that they love birds, and to watch them fly.

So, we have now been lumbered with a law, and the Minister will, no doubt, have carefully worded responses that say what a good thing it is—that the law is marvellous and right. Given, dare I say it, the Minister's Eurosceptic credentials—I know him well—I will raise my eyebrows in disbelief if that is what happens during his speech, as, I suspect, might his colleagues. The wretched rules make it almost impossible for the Environment Agency to defend our country from floods—so what is the point of it? If the agency decides to build new defences in one part of the country, it has to take them away from another. Guess what? The agency has identified the Steart peninsula as just the sort of place where no one will notice. Well, they might have not noticed so far, but they jolly well will now.

The whole proposal is complete nonsense. The agency is trying to convince us that spending £28 million on a bird sanctuary will be cheaper and more effective than maintaining the existing flood defences. It did not do economics. That fatuous argument is plain wrong and totally dishonest. The agency's consultation document offers three alternatives: first, do nothing and wait for the tide to come in—like a civil servant; secondly, do the bare minimum and hope that the tide does not come in; and thirdly, do something drastic and flood the whole place deliberately. The agency really gets excited when it comes to "drastic" action—it loves that word. There are pages and pages in its consultation document about the alleged advantages of letting the sea take over:

> "Creating wetland habitats will provide benefits, not only for people who live on the peninsula and visitors but also for birds, fish and other wildlife. The natural, open landscape will be very different to the present farmland and will reflect the peninsula's character before it was reclaimed during historic times."

Those who wrote those last words obviously went to a very dodgy secondary school. We do not have to read between the lines to be sure of one thing: the Environment Agency is absolutely determined to flood Steart and, disgracefully, it has held that view for years. It conducted costly consultation back in 2002, before the Minister was even elected to Parliament. Guess what, it came up with a scheme to create an elaborate wetland habitat. Does that ring any bells? I am sure it does. But one thing stood in its way—it could not raise the readies.

Six years later the pathetic plan was back on the agenda, this time because the Bristol Port Company—this gets better—wanted to extend the Avonmouth container terminal so that even bigger ships can crash into it. One might think that that had nothing to do with Steart down the road, except for those inflexible European rules, which put birds above people. Suddenly, abracadabra, the Bristol Port Company remembered its mates at the Environment Agency, and settled on Steart.

Charlotte Leslie (Bristol North West) (Con): I thank my hon. Friend for bringing this matter to the Chamber on behalf of his constituents and the habitat. He has concerns about the plans for Steart, but does he appreciate that Bristol Port Company's plans for deep sea containers will provide 500 direct jobs and over 1,000 indirect jobs in transport and logistics, and will put the UK on a completely different footing when it comes to imports and exports? The port has said that it will work specifically with local people, and that its plans are separate from those of the Environment Agency.

Mr Liddell-Grainger: That is the most weaselly thing I have ever heard from a port company—not from my hon. Friend who speaks with the best direction from her constituents. Fine. I am speaking for mine. Why do I care if a company claims a benefit for Bristol? What difference does that make to me? Some weaselly woman turned up to tell me what is happening, saying, "Don't worry. Your little people will be okay. We are going to flood your area. We won't give you anything for it, but it will be good, although we won't allow visitors." Come on. Bristol Port Company is dodgy. It is much better at complaining about pylons in front of the chief executive's house than about container ports. I do not need a lecture.

We all thought that we had got rid of it, but next week it will be back in earnest. The Bristol Port Company will roll into the village of Otterhampton a week today with the first of a series of public meetings to tell the locals about its exciting plans or—dare I say it?—push them to accept its exciting plans, whatever form they may take. It is in league with the Royal Society for the Protection of Birds and, guess what, another totally useless quango, Natural England, our friends. I am delighted to say—I thank the Minister for this—that the Government will clip its ridiculous wings as soon as possible.

Unfortunately, wing clipping may be too late for Steart. The Environment Agency has submitted its planning application for that huge tidal flood bank. The Bristol Port Company intends to apply for planning permission to flood an enormous chunk of land on the other side of the road near Steart later this year. All that Steart will get out of that is a pile of bird droppings and an invasion of twitchers.

Anne Marie Morris (Newton Abbot) (Con): I am listening to my hon. Friend with interest. Across the south-west we have huge problems. I have a similar issue with coastal erosion in Dawlish, and I share my hon. Friend's concern that we need some conclusion on what is right and what is not. I agree that people are certainly more important than birds. Above all, we need some certainty, and I hope that my hon. Friend agrees that we need the Minister to agree what plans will be approved and what will not, particularly in Teignmouth where we

want a flood defence scheme, which we really need, as opposed to the scheme in my hon. Friend's constituency which sounds as though it is not needed.

Mr Liddell-Grainger: My hon. Friend has encompassed the problem in a nutshell. The organisation is out of control, and does not care about people or anything, except its little friends who live in Essex and who will do whatever they want to do. It is up to people like us to stop that; and to make companies such as the Bristol Port Company realise that we are not a load of hicks who live in the country. I totally agree with my hon. Friend, who does her constituents a great service in bringing the matter to the attention of the House.

It is about time the Minister and Bristol Port Company considered compensation. A big infrastructure plan such as this requires a generous kick-back for those on the ground. How about some planning gain? Even Bristol Port Company is not talking about that. Unfortunately there are not enough people on the Steart peninsula to kick up sufficient fuss, but a fuss really needs to be made, and I am sorry to say to the Minister and my hon. Friend the Member for Bristol North West (Charlotte Leslie) that I am going to put my boots on and start kicking.

The Environment Agency's latest consultation exercise has burned about £60,000 of public money. The Minister may be about to tell us how popular the scheme is, but I warn him to consider his words carefully—I know that they have been drafted for him. Bodies such as the Environment Agency are, of course, obliged by law to consult, and rightly so, but the fact that few people respond to a consultation does not mean that the plans are popular. We all know how that has been got round in the past. Perhaps the Minister would like to know how many people answered the Environment Agency's consultation questionnaire. This is important stuff, even for Bristol Port Company. Five thousand consultees would have cost a tenner a head. A bargain. But if there were only 500 responses, the cost would have been about £150. But there were not 500, 50 or even five replies. The Environment Agency had replies from—wait for it—three people. Why? People do not trust the Environment Agency and, as my hon. Friend the Member for Newton Abbot (Anne Marie Morris) said, they do not think it worth the effort to reply as the proposal will be steamrollered through by Europe.

The cost works out at £20,000 per respondent—£20,000. It is cheaper having the Bristol ports up the road. Why do people not bother to participate? I have an idea—they do not trust those involved. They see an overgrown jungle of interfering regulators who have been trying to do this for 10 years, who squander their money, and who do not listen. Everyone knows—this is not rocket science—that these are hard times for Great Britain plc. Around the country, we are bracing ourselves for cutbacks, job losses and austerity. They have started. We are supposed to be in this together, not individually, but the Environment Agency seems to assume that it has some special exemption. It has come to believe in fairy gold. The estimated cost of its plan to flood a corner of my constituency is £28 million of our money, and that is a disgrace, never mind what Bristol Port Company will spend. Our nation cannot afford that. There are more important priorities, and the Minister—he really needs to listen—should stop the project dead in its tracks before we have a real disaster.

11.16 am

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): It is a pleasure to serve under your chairmanship, Mr Streeter. I congratulate my hon. Friend the Member for Bridgwater and West Somerset (Mr Liddell-Grainger) on securing this debate, and other hon. Friends who have contributed. I will try to address their points also.

My hon. Friend the Member for Bridgwater and West Somerset spoke with passion on behalf of his constituency, but I must consider the wider issues, not just the national budgets that we provide to the Environment Agency and other organisations, but also the Severn estuary. The scheme has many positive points. It is the only viable way that the Government can continue to provide defences and secure access to the village of Steart while meeting our environmental objective for the estuary.

The Severn estuary is one of our most important wildlife areas, as well as a great economic asset. It has more than 200 km of coastal defences, which will provide in excess of £5 billion of benefits over time to more than 100,000 residential and commercial properties. The shoreline management plan highlights the need to maintain and improve most of those defences. However, a consequence is that there will be a substantial loss of internationally designated intertidal habitat. Our investment prioritisation process is focused principally on protecting people and property and that is where the vast majority of our money is spent. However, we must acknowledge that what we do to protect people and property has an impact on the natural environment, and that must be taken into account.

My hon. Friend keeps referring to £28 million, but the figure I have is £20 million. That may have an element of semantics, but it is a considerable sum. I assure him that I do not easily agree to spending £20 million in this or any climate. Every penny should count, and I have looked carefully into the matter. We will continue to invest in defence in the Severn estuary, despite the impact on the natural environment, because of the imperative reasons for doing so. That is permitted under the EC habitats directive as long as appropriate compensatory habitat is secured. Our plans to manage and improve the defences therefore depend on sufficient compensatory habitat being secured before the protected habitat is lost due to the flood defence construction work.

There has already been a loss in the Severn estuary, and without the Steart scheme we would fail to maintain the integrity of that protected Natura 2000 site. My hon. Friend may rail against Europe, but frankly, whether we are in Europe or not, I and the Government value what is set out in the Natura 2000 directive, and my hon. Friend should value it if he minds about the valuable asset that is the natural environment in the Severn estuary.

The EU habitats directive, together with the birds directive, forms the cornerstone of Europe's nature conservation policy to maintain or restore natural habitats and the population of species of wild fauna and flora at a favourable conservation status, and is a key element in the EU's commitment to halt the loss of biodiversity within the EU by 2020. That is also a firm priority of the Government. With that in mind, I now turn to the

[Richard Benyon]

Steart scheme. Steart village and peninsula are currently protected by more than 12 km of flood defences. Beyond the short term it will not be economically viable or sustainable to maintain existing defences. To do so would cost in the region of £1 million per property.

The issue has been considered in the shoreline management plan, which highlighted the peninsula as a place where the managed realignment of the defence provides the best option for continuing to protect the village and its access as well as creating habitat to offset the impact of crucial work elsewhere in the area. Indeed, Steart has been identified as the most cost-effective place in the estuary for habitat creation without geomorphic side effects such as adjacent erosion. The twin objectives of the project are therefore to create the habitat we need and protect the village and its access. It forms a vital part of an integrated and sustainable coastal management solution for the Severn estuary. It will provide the only foreseeable opportunity to improve flood protection to Steart drove, the only access route to Steart village. It will help to maintain the existing standard of protection and the new defences can be expected to last longer than the current defences. If my hon. Friend claims that what is happening is just about the habitats directive and just about providing wetland for birds, that is not correct. It is about providing flood protection for his constituents and access to a community that would otherwise be cut off at high tides, or because of further erosion.

As my hon. Friend said, the Environment Agency has carried out extensive consultations, and I understand that the majority of the local residents strongly support the proposals and recognise the flood risk management benefits that the scheme would bring. I hear what my hon. Friend says about the response to the Environment Agency consultation, and I am always happy to consider how consultations are carried out and why there is such a low response rate. One reason could be that people are quite in favour of the scheme. I received a copy of a letter to my hon. Friend from the parish council, which seems to be very supportive of the scheme. There is an organisation called the Steart residents group, headed by Dr Phillip Edwards, who wrote a letter to the local paper. He said that

"while the SRG may not have always seen eye-to-eye with the Environment Agency over all aspects of the scheme, the EA's staff have demonstrated throughout the last three years of work and consultations the highest levels of professional integrity and technical proficiency".

He goes on to talk about the value of the scheme, and the group's opposition to my hon. Friend's opposition.

I cannot second-guess the exact level of support or otherwise for the scheme, but I assure my hon. Friend that we do not feel that we are trampling on the views of local people. I understand that a number of people want it.

Mr Liddell-Grainger: I want to suggest that the Minister's Department should let me have the information about who has replied. Secondly, the gentleman that he mentioned—I was going to mention this myself—spends most of the year with the UN; and he is one person, who has set something up with no one else. I must gently tell the Minister that what he read out is not the case. If he would let me have the relevant information, I am more than happy to discuss it with him, and with the people concerned.

Richard Benyon: One of the two references I made was to the local paper, so presumably the hon. Gentleman can get access to that: I am happy to give him the copy I received. The second reference was to a letter to my hon. Friend from the parish council, which was copied to Otterhampton parish council. I cannot second-guess how many members the Steart residents group has, but the fact is I get a different impression of opinion from the hon. Gentleman's.

Perhaps I may touch on points made by other hon. Members. My hon. Friend the Member for Newton Abbot (Anne Marie Morris) is a redoubtable campaigner on behalf of her constituents for flood alleviation in her constituency. I can barely move in this building without having my collar felt by her, in her determination to raise that issue. I can only assure her that we shall make available all the information about what schemes will go ahead in the near future and, under the payment for outcomes scheme, what options are left to her constituents to gear in other funding if theirs is not in the top flight of schemes. That will give clarity to her constituents about what is required for the schemes to go ahead. I cannot give her any information, because I do not have any about that scheme.

I have considerable sympathy with my hon. Friend the Member for Bristol North West (Charlotte Leslie), because I recognise the importance of Bristol docks. I do not dismiss them, as they are an important local employer and a major hub of activity that is vital to us as an importing and exporting country and to the wider benefit of the Bristol area. I recognise that we are dealing with something that relates to the Severn estuary, its entire ecosystem and habitats and, importantly, the people and jobs that come from that part of the country.

In conclusion, the proposed scheme is not only the most cost-effective habitat compensation to enable the Severn estuary flood risk management strategy to move forward; it also offers improved flood protection to the local area. I thank my hon. Friend the Member for Bridgwater and West Somerset for raising the matter. He has made me much better educated about it because I have spent a considerable time preparing for the debate, and I listened with interest to his enjoyable remarks.

I hope that what I have said has helped to highlight to my hon. Friend the need to manage flood risk in ways that protect people and property and deliver good value for money to the taxpayer, but also meet our environmental obligations. If we do not do that, we cannot legally improve flood protection elsewhere in the estuary. If we did it without compensatory works, that would leave the taxpayer liable to fines from Europe. That is not something that I have the power to avoid, and no hon. Member should be happy for it to happen, because we are in strapped financial circumstances. If we did nothing we would also lose valuable habitat and all that that offers to us as a society. Our emphasis is always on working with nature, wherever possible, to reduce the risks to people while also meeting social and environmental objectives.

11.27 am

Sitting suspended.

Local Government Budgets

[ANNETTE BROOKE *in the Chair*]

2.30 pm

Mr Jim Cunningham (Coventry South) (Lab): May I take this opportunity to thank Mr Speaker for granting this debate on an important subject? I notice that the Minister is looking serious, to say the least. I want to start by mentioning the world economic situation that existed before the current Government came to power. It is worth reminding people that the economic difficulties were worldwide and started in America with Lehman Brothers. As hon. Members will recall, the then American President could have taken action to bail out Lehman Brothers, but chose not to. That obviously had a knock-on effect on the banking system, particularly in this country.

Hon. Members will also remember looking at news bulletins that showed people queuing up to withdraw money from banks such as Northern Rock. Had the then Government not taken action across the whole economic fabric of this country, that bank may well have collapsed. Despite all their faults, the previous Government introduced a number of measures to address the situation, such as the car scrappage scheme. Last week's figures from the motor car industry show that sales have gone up by 2 million this year, which demonstrates that the measures taken by the previous Government to address the problem have paid off. It is worth reminding ourselves that in 1997 when Labour took office, 50p from every £1 of taxpayers' money was used to pay off the national debt. During their first two years, the previous Government spent a lot of time doing exactly that—paying off the national debt.

Measures implemented by the present Government will certainly have an effect on places such as Coventry, and on a number of local authorities up and down the country. A number of west midlands MPs are present in the Chamber, and they will want to talk about how the Government's policies for local government will affect their particular situations. The details in the provisional local government settlement have created a lot of problems for many local authorities, and brought further bad news as far as Coventry is concerned. The £19 million cut in the formula grant is most worrying, as are cuts to other specific grants of £17 million. Incredibly, at this late stage we still await the details of some grant funding streams from the Government that have not yet been clarified.

At present, Coventry city council is trying to manage the massive and inequitable reduction in resources announced on 13 December. In fairness, it has tried to take sensible steps to anticipate part of that reduction, and to its credit it has redesigned its services and introduced modern procurement practices. The Minister has praised Coventry for its efforts to look for value for money; nevertheless, I want to highlight the scale of the grant reductions facing the city. Because of the cuts, the council has been forced by the Tory-led Government possibly to cut more than 500 posts over the next 18 months. The amount of money the council spends on the local economy will also reduce dramatically, and if we add to that the capital proposals for the Building Schools for the Future programme, that is another £300 million that could leave Coventry's economy. We are not yet clear what the capital allocation will be for repairs to school buildings and the rebuilding of schools. We should have received information on that this month, but we are still waiting for the Secretary of State for Education to provide it. That has an impact on staff in Coventry city council. The front-loading of cuts means that staff losses will be required at an early stage of the spending cuts, which will affect not only staff but families across Coventry. The overall impact of the measures means that Coventry council is expected to lose about £45 million.

Let me turn to the impact on the west midlands economy. The cuts will have a significant knock-on effect on local businesses and employment in the region, and we can see what is happening in other sectors as cuts and reforms begin to bite. In the health sector, for example, possible cuts were announced last Monday in the local press—in Coventry and Warwickshire, some 450 jobs could go in the national health service. Cuts of over 20% are projected for the West Midlands police force, which will have an impact on the fight against crime. As I have indicated, we do not know what will happen with the Building Schools for the Future programme.

The public and private sectors will not be able to invest in the regeneration and infrastructure of the region. We are still awaiting a decision on the Knuckle project, which could help the employment situation in Coventry. Over the years, Coventry MPs have lobbied various Governments in order to get that project off the ground. I will not go into great detail about that, but I hope the Minister will tell his colleagues that we need a decision that can help to mitigate unemployment in Coventry.

The abolition of funding from regional development agencies has meant that there is little funding to lever in private sector investment for large-scale redevelopment projects. There are two parts to local government cuts for Coventry city council. First, the formula grant will lose in excess of £19 million, and secondly, specific grants will lose in excess of £17 million. There will be a 27% cut to local government funding over four years, which in real terms equates to a cut of 8% per annum to the formula grant.

As I said earlier, there will be further cuts to specific grants, but—unbelievably—we will not know the final grant settlement until the end of January 2011. That puts Coventry city council under further financial pressure and it will not be able to continue providing services at the same level. There will be far fewer grants and they will have a lower overall value. It is a great concern that many grant streams will end. That will have a significant impact on Coventry—some 58% of the council's gross expenditure for 2010-11 is resourced through specific grants, and £19 million of grant funding is likely to fall out, including a large number of former area-based grants such as local enterprise growth initiatives and a number of children-related grants. The future is unclear for Connexions and adult education.

Some grants that will end immediately include various education grants aimed at raising school standards; employment activities that help people back to work and, as a consequence, strengthen the local economy; community services; one-off grants to the homeless; sporting futures and football foundations; youth crime action; dealing with fly-tipping; and environmental grants for safer communities. We must consider other measures that will affect the disadvantaged. The front-loaded

[Mr Jim Cunningham]

cuts proposed by the Government, combined with the impact of the VAT increase, will mean fewer services, of a lower quality, although people will be expected to pay more for them. That will be this Government's legacy.

Emma Reynolds (Wolverhampton North East) (Lab): I could not agree more with my hon. Friend that it is the poorest who will be hit hardest. In Wolverhampton, the 28th most deprived local authority in the country, we are expecting cuts to the city council budget of 24%. Does my hon. Friend agree that such cuts are too fast and too deep and will hit the poorest hardest?

Mr Cunningham: Obviously, I have to agree with my hon. Friend. As she will know, the Building Schools for the Future programme certainly affects her constituency, and there will be an economic impact on it in that regard. The Government, although there was an economic problem, have gone over the top in addressing it. That has become apparent as they have rushed into all these local government cuts.

Capital funding has all but dried up. We are seeing the abolition of Building Schools for the Future where money has been lost, there is no replacement work and schools are in desperate need of repair. Notwithstanding the cuts to housing benefit and council tax administration costs, in real terms central Government will be cutting 5% of support at the time when administration is most needed. There are more claimants than ever before. The unavoidable conclusion of those actions is that many of the poorest will be affected disproportionately. That includes the proposals relating to legal aid, which is not part of this debate.

We were preparing a four-year plan to deal with the situation, and obviously there would have been a certain amount of rationalisation as far as we were concerned, but we certainly would not have been rushing in all directions, as the present Government have been doing over the past seven or eight months, to inflict cuts on people.

There is a new word for cuts these days: I am talking about the thing called "damping". No doubt the Minister will enlighten us on that one. The coalition's damping methodology throws up a number of concerns for the people of Coventry, which I shall briefly discuss. Once again, Coventry has lost resources. We did so in the 1980s under the previous Conservative Government. Our capital programmes were capped in those days. People have short memories. What the present Government are doing is not new; the then Government were doing it way back in the '80s. For the period of 2011-12, Coventry is set to lose £8 million through that process alone. That leaves the authority with a reduction in resources of 6%, which is 1% worse than the national average. The coalition has tried to defend the damping process by saying that the money is being given to the more needy authorities. However, that is simply not happening in many instances.

Let us consider the main problems with damping as many authorities see it. On closer inspection of the actual effects, the damping in the provisional settlement considers only authorities' formula grant; it does not consider the authorities' change in overall resources. Relative spending power combines the impacts of formula grant, council tax and other revenue grants.

Although the average is a 5% reduction, there is wide variation in the outcomes for individuals. The Government have tried to disguise how deep the cuts are by including in their calculations money that councils raise themselves. Their own statistics reveal that councils will lose on average 12.1% of their core central Government funding this year. Perversely, six of the most affluent local authorities will gain a joint total of £130 million from the damping process. For example, West Sussex gains £6 million, with a reduction of less than 1%. Richmond upon Thames gains £15 million, with a reduction of less than 1%. Alarmingly, Surrey will gain £62 million from the damping process. Clearly, this damping is not fit for purpose—to coin a phrase from a former Home Secretary and colleague of ours—and should not be used to allocate formula grant.

We suggest a change to the damping system. Many councils raise far more from council tax than they receive from the Government. Therefore, a comprehensive assessment of each authority's overall resource position should be examined. The current unfairness is taking money and jobs out of Coventry and 77 other authorities across the country. I urge the Minister to consider changing over to that approach, which, as I understand it, has been suggested to civil servants by officers from Coventry city council.

There is an overwhelming lack of clarity from the coalition Government about the time frame. Councils across the west midlands and beyond are being forced to make rushed decisions, with no time to plan for the consequences. That could end up costing more than it saves. There is a lack of information. Councillors and officers are in no way information-rich as they go into this unfamiliar process. There is little guidance from the Department and there is great uncertainty. The Secretary of State for Education's capital spending review is not expected until later this year. We thought that it would be January and, as I have said, I am not clear now on when we shall know what the settlement will be.

For all the coalition's talk of localism, it has dumped its cuts on local councils. The coalition's plans for local government do not include growth or jobs: it is merely a deficit reduction policy. The coalition must make up its mind. Is it dealing with a new economic situation, which was the original argument, or is it rebalancing the economy, which is the new one? The solution is the same, but the approach and the reasons are different.

2.45 pm

Mr Marcus Jones (Nuneaton) (Con): Thank you for allowing me to speak today, Mrs Brooke. I congratulate the hon. Member for Coventry South (Mr Cunningham) on securing this important debate, although some of his opinions on the overall situation in local government in Coventry and the west midlands may well differ from mine. Despite what the hon. Gentleman said and the synthetic rage from Opposition Members, local government had known for some time that whichever party formed a Government following the last general election, budgets for councils in the west midlands and for most councils across the country would reduce dramatically. That is not a hidden fact and not something that we should forget. Nor should we forget that the public know that the country has a massive deficit. We can talk about how that was caused. Obviously, the bankers are very much at fault, but the previous Government were also

very much at fault for not having a proper system of regulation in place for the banks. The banks failed on their watch. They cannot get away from that point.

Mr Cunningham: Obviously, the hon. Gentleman is entitled to his point of view, but he certainly was not in the House, although I and my colleagues were, when the issue of Northern Rock arose. The then Opposition—the hon. Gentleman's party—had no solution to that. In fairness, the Liberal Democrats said that we should nationalise Northern Rock. We said that we would have a look at that. Equally, if we look at the record of the last Parliament, we see that the hon. Gentleman's colleagues always argued against regulation. Whether we were talking about banks or the private sector, they argued against regulation, and the only regulations that they are talking about abolishing now are those on health and safety.

Mr Jones: I thank the hon. Gentleman for his comments, but we cannot get away from the fact that his party were in government; the banks failed on his party's watch. We saw the first run on a bank for more than 100 years. That happened on his party's watch. His party, not my party, was responsible for regulating the banks and it failed. The public know that and know that we must deal with the deficit. It is running at such a level that we are paying £120 million a day in debt interest alone. If we do not deal with that, not only will public services and the amount of money that we have for public services be vastly reduced, but the point also needs to be made that we risk putting this country in a situation like that which we have seen in Ireland, Greece, Spain and, probably, Portugal.

Let me return to the Government settlement in relation to councils. The better councils, including those across the west midlands, have been planning for several years for how they would deal with the inevitable cuts in local government funding. We should acknowledge that there have been reductions in formula grants for many councils over a number of years. The public have been looking to councils to show some leadership and show how they can deal with the very difficult situation that we all know we are in.

The previous Conservative administration at one of my local councils, Nuneaton and Bedworth borough council, did an enormous amount of work before the elections in May with Rugby borough council. That was about saving money through merging back-office functions, reducing the amount of management and sharing management. They were on course to save in excess of £2 million to £3 million. Unfortunately, the current—now Labour—administration in Nuneaton and Bedworth has politically abandoned that work and decided not to pursue saving money by reducing back-office functions. I am surprised by that because the previous Labour Government advocated it as a way for councils to save money in what they knew would be difficult times, and the current Government also advocate it.

I fear that Nuneaton and Bedworth council will look to make up its budget through massive rises in parking charges, as it has already shown by implementing a 25% rise in charges in the past couple of weeks. Inevitably, it will also make large increases in fees and charges elsewhere and, I am sure, huge cuts to front-line services through lack of foresight and forward planning.

On the grant settlement and the formula grant, I would like to discuss the disparity in settlements across the country that the hon. Member for Coventry South mentioned. Disparity is nothing unusual, because under the Labour Government, Warwickshire county council, for example, was particularly disadvantaged by its grant settlement year after year when compared with councils in areas such as the north-east. They received huge increases in grant funding while Warwickshire's funding decreased and was continually behind the curve.

Looking beyond the grant settlements, we have seen some positives from the Government recently, which I welcome, such as allowing councils more freedom to deal with the issues that they face. Performance indicators have been the bane of many councils over a number of years—the comprehensive area assessment and the local area agreement. In reality, performance indicators have done very little either to improve the quality of local services to the people or to increase and improve outcomes, and particularly to reduce the gap between rich and poor. We now know that during the Labour Government, inequalities between rich and poor increased—they got worse, not better. Millions of pounds, even in very small authorities, have been wasted. Hopefully, authorities can put that into front-line services, rather than into writing a ridiculous number of plans or strategies, which have little or no effect.

The formula grant is a complex animal. It offers no transparency to local people over how local services are provided. People in local government, and possibly people in the Department, do not have a great understanding of the formula grant and how it is arrived at. What can be done to simplify the minefield of local government finance to make things more transparent for local people, so that they understand fully how taxes are raised to pay for local government and how its finance is allocated?

One area of concern within the current grant settlement is the transfer of concessionary travel from borough and district councils to county councils. That affects us in the west midlands in two-tier authorities, and particularly affects the two local councils in my constituency—Nuneaton and Bedworth and North Warwickshire borough councils—which is obviously of great concern to my constituents. With the recalculation of the grant, Nuneaton and Bedworth is likely to be disadvantaged by the loss of about £200,000 and North Warwickshire by about £300,000. I would like to know what the Minister can do to mitigate the effect that the transfer of the responsibility will, potentially, have on local services in Nuneaton.

I conclude by reiterating that this is a tough settlement. We all know that we have a tough settlement and it is incumbent on local authorities to work with local people and to ensure that they deliver on the priorities for those people. There are also certain anomalies that the Government need to mitigate, particularly the transfer of responsibility for concessionary travel. I look forward to hearing the Minister's response.

2.55 pm

Richard Burden (Birmingham, Northfield) (Lab): It is a pleasure to follow the hon. Member for Nuneaton (Mr Jones). I could, perhaps, characterise his speech as a bit of an each-way bet, but he will have to answer to his constituents over how he actually feels about large amounts of cash being trimmed off the local budget.

[Richard Burden]

I congratulate my hon. Friend the Member for Coventry South (Mr Cunningham) on securing this debate and a number of debates since the election on matters pertinent to the west midlands. Understandably, he has majored on the situation in Coventry, although the title of today's debate covers the broader west midlands, which we heard about in the hon. Member for Nuneaton's speech.

The previous debate that my hon. Friend secured on this matter was on 16 November 2009 on cuts to the police service. Those cuts had a serious impact in all parts of country, but in the debate a succession of hon. Members from the west midlands drew Ministers' attention to the disproportionate effect of the police cuts on our region due to how Government grants interrelate with the precept. In that debate, we were told that Ministers were listening, but when the announcement came just before Christmas of the settlement for police authorities, we found out that listening had not been matched by action. As a result, a number running into the hundreds of experienced officers will lose their jobs and the back-up support that is vital. In that debate, I said that not only were the cuts to the police service serious, but that we will only see their impact in the round if we relate them to cuts taking place to other public services and, most particularly, to local government.

On 13 December, we heard what the provisional local government settlement would be, and it confirmed all our worst fears. I asked the Secretary of State for Communities and Local Government about Birmingham when he made his statement in the House. His response was significant:

> "I am delighted to tell the hon. Gentleman that Birmingham faces a cut in its spending of 8.3%, and 4.3% for next year."—[*Official Report*, 13 December 2009; Vol. 520, c. 692.

I think he meant 8.3% next year and 4.3% the year after, but we will allow him that slip of the tongue—I know that Government Members are fond of quoting slips of the tongue at the moment, which can happen from various quarters. The Secretary of State said that he was "delighted" that there would be an 8.3% cut in spending in Birmingham, but there is no delight in Birmingham about an 8.3% cut in spending. According to figures from Core Cities Group, the cuts required to balance the budget in Birmingham in the 2011-12 financial year will be £139 million, with a further £53 million the year after. As with the police cuts, the impact will be much greater in Birmingham, and in other core cities and urban areas, than—surprise, surprise—in more affluent areas, particularly the south-east.

According to the Core Cities Group, Wokingham faces a loss in formula grant of 14.3%, which is a higher percentage than Birmingham. The real impact on real people on the ground in Wokingham is a cut per person of £20.83. In Birmingham that is a cut per person of £75.19. We can then transfer that figure to the spending power per person, which my hon. Friend the Member for Coventry South mentioned. In Wokingham the cut is £4.46 and in Birmingham it is £101. That £101 equates to 8.3%, the precise figure about which the Secretary of State expressed delight in his 13 December statement.

Emma Reynolds: Does my hon. Friend feel that the delight in the quote from the Secretary of State for Local Government is due to an ideological commitment to make the state at both central and local government level smaller, because that is what Conservatives have always believed and continue to do so? If they were frank and open about that, we would obviously still have a problem with it, but why should they not come out and say so?

Richard Burden: My hon. Friend makes a valid point. I also think we need to question when they talk about making the state smaller. What they really want to make smaller is the benefit that the state can provide to the citizen; the support the state provides; and the way the state can enable the citizen to improve his or her quality of life. I do not get the impression either from this or the previous Conservative Government—if we go back that far—that there was actually much of an attempt to shrink the state in terms of central control. An interesting thing about what they are doing in practice—not the rhetoric—is the increase in central control, not only over local government but also over local communities. I will give a couple of examples of that in a minute.

I chaired the West Midlands Regional Committee before it was scrapped by the Government. Clearly, they found it uncomfortable to have a Committee of this House focusing on our region. That is something that in due course they will have to answer: why they thought it was so much of a problem to have a Committee looking at the strategic issues of our region. The reports we produced on that Committee looked at the impact of the recession on the region and the fragility of the recovery in the west midlands. When cuts come in local government and in other areas of the public services, that is serious. It is really serious for the west midlands, so serious that it makes it even more important that the targeted funds that the previous Labour Government made available to our region are employed effectively.

Birmingham city council's ruling Conservative-Liberal Democrat coalition was criticised before the election about its use of targeted funding, in particular the working neighbourhoods fund. With the needs of a city such as Birmingham, it was surprising that the Conservative-Liberal Democrat coalition managed to underspend in the 2009-10 financial year to the tune of £28 million on its working neighbourhoods fund spending. It has a lot of questions to answer about that. The council still received from the Labour Government an additional allocation of £41 million under the working neighbourhoods fund for the 2010-11 financial year. It could use the underspend from the year before and the extra £41 million provided by the Labour Government to help those affected by the cuts that the current Government are implementing. It could be doing that, using it to tackle worklessness and to ensure that the resilience of the region is maximised after the recession. That is not happening. In July, the city council froze initiatives for using that underspend from 2009-10, and it cut £7 million from the 2010-11 budget.

I raised that with Ministers at the time and I was told that it was a good thing, because there was now a new-found freedom for local government, ring-fencing was going and local authorities were free to use area-based grants according to local circumstances. The result in Birmingham has been this. In the week before the Localism Bill receives its Second Reading and at a time when the Government talks about the big society—we may hear of it from the Minister—and empowering

local communities and giving them a say, on Friday in Birmingham city council, neighbourhood managers and neighbourhood co-ordinators throughout the city, including my Northfield constituency, were issued with redundancy notices and will no longer have jobs from April.

One of the most positive and creative responses to the MG Rover crisis of six years ago was the setting up of a one-stop advice shop in Northfield town centre. That not only provided much-needed advice for local people but brought together in a real partnership, local businesses, residents and the local authority, to improve the suburban shopping centre of Northfield. Key to that, the glue that held it together, was a town centre manager, initially funded by Advantage West Midlands, which is also being scrapped. Now that town centre manager post is being scrapped under the cuts brought in by Birmingham city council. Those neighbourhood managers and neighbourhood co-ordinators were engaged in incredibly creative work in building local resilience and community self-reliance. Getting those redundancy notices on Friday was a slap in the face for them. It undermines the resilience and self-confidence in communities that—if the verbiage of the big society is to be believed—we should be trying to build.

It will also sap confidence in that local suburban shopping centre at the very time we should be trying to attract investment to it, trying to build confidence, and trying to cut crime and the fear of crime. When I say it is a slap in the face for those local neighbourhood managers and co-ordinators and the town centre manager, it is not just a slap in the face for them. It is a slap in the face for the people of Northfield and Birmingham. It is also a slap in the face for the ideology of the big society.

It will be said—as it was by the hon. Member for Nuneaton—that the cuts are inevitable and that savings would have had to be made anyway. To some extent, that is true: some savings would have had to be made. He says it is all Labour's fault. Maybe he should listen not just to what comes out of central office but to what Conservative councillors say. At the start of last year, when Labour was in power in central Government, Birmingham city council, despite having had year-on-year increases in grant, was already facing a massive overspend, even though the Conservatives and Liberal Democrats had been in power there since 2004.

When a number of people questioned the council with some force about whether that said something about its financial management, it said, "Absolutely not. The trouble is we do not get enough money from the Government. Labour starves us of money." It is time for the Government to ask whether it was right or wrong to say that. If those Tory councillors were right that Labour was starving them of money, despite the year-on-year increases, how can the Government justify the extra swingeing cuts to financing Birmingham city council? If they are wrong about that, are they saying that Birmingham city council, run by their friends —a Conservative-Liberal Democrat coalition—was mismanaging the finances of the council? They cannot have it both ways. They have to say in fairness to the people of Birmingham which of those positions is right. The people of Birmingham need to know these things if their neighbourhood co-ordinators are to be cut and when they see rubbish piling up in the streets of Birmingham because the city council is trying to cut the pay of refuse collectors by between £4,000 and £6,000. They need answers from the Government about what they are going to do about listening to the real concerns of real people in Birmingham.

There are things that the Government could do to make matters a little better. They could structure the transitional grant to local authorities differently. They could ensure that transitional grant is available to local authorities that face a cut in their revenue spending power of 7.5%, rather than the 8.9%, which is proposed in the provisional settlement. They could change the resource equalisation formula, so that it does not take money away from poorer areas and give it to richer ones, as is happening at the moment. A number of other suggestions have been made by the Core Cities Group.

When the Minister responds, will he say whether he is considering what Core Cities is saying and, if so, what the response will be? Could he give me a bit more comfort than I received in the debate about police cuts, when I was told that the Government are listening, only to find that listening led to absolutely no action in the final announcement? Will the Government listen this time and match their listening with action when we have their final figures?

One thing is clear. Whatever the Government do, is it not true that people in Birmingham and the west midlands as a whole, including Coventry, deserve just a little better from the Secretary of State for Communities and Local Government than a pat, off-the-cuff remark expressing delight at the fact that spending power in their area will be cut by more than £100 for every citizen or by 8.3%?

3.10 pm

Mr Geoffrey Robinson (Coventry North West) (Lab): May I, through you, Mrs Brooke, thank Mr Speaker for selecting this subject for debate? I congratulate my hon. Friend the Member for Coventry South (Mr Cunningham) on securing the debate, which gives us an opportunity to discuss these issues, albeit a sad one, given the continued relative decline of the west midlands, which was once the industrial powerhouse of the whole country but has been badly affected by successive Governments' progressive neglect of the manufacturing sector. Now, the Government are making specific attempts to cut local and regional expenditure in all its forms, and we must, sadly, discuss the impact that that is having on the west midlands as a whole and on Coventry and my constituency in particular.

I am sure that all Members have, rightly, been lobbied by their local authorities. I am pleased that all three Coventry MPs are here—I hope all three of us will have caught your eye by the end of the debate, Mrs Brooke—and our authority has been no exception, because it has given us a very full briefing for the debate. I would like to ask the Minister about one point in particular; indeed, if he has time, he could even tell us during the debate whether anything has come of it. The damping process is having a deleterious effect on relatively less well-off councils, to the benefit of those that are manifestly much better off. We have written to the Minister on that, and some officials from the authority in Coventry who have written to me have been to see officials at the Department for Communities and Local Government. They have put forward an alternative, much fairer proposal for the Department's serious consideration, and I believe

[Mr Geoffrey Robinson]

that the Department's officials have promised to give it such consideration. If we are indeed all in this together, and fairness is the essence of what the so-called coalition—it is really a Tory-led Government—is out to achieve, the damping methodology could be simply changed in a way that made it evidently much fairer. I will come to that in a moment, because I do not want to anticipate too much of what I have to say, but I would like to hear whether the Minister and officials at the Department have had time to consider the objective, fair criteria that Coventry local government officers have put forward in good faith.

Even at this late stage, as we consider the cuts in Coventry, we do not know some of the details of the grant funding streams from the Government. The provisional settlement was sent out on 13 December, and two months have gone by but we still do not know the details. However, it is pretty clear that Coventry will face a massive reduction, and so, too, will Birmingham, as my hon. Friend the Member for Birmingham, Northfield (Richard Burden) made clear a moment ago. Over the next year or so, it seems inevitable that we will have to make 500 compulsory redundancies in Coventry. That might seem like a small proportion of the tens, and perhaps hundreds, of thousands of dedicated civil servants in local government who will be made redundant in the next couple of years, but for us in Coventry, those redundancies will follow hard on the cuts we have already felt in the manufacturing sector. More specifically, since the coalition came into being, Ministers have culled two distinguished Government organisations in Coventry in the most abusive and disdainful manner. The Qualifications and Curriculum Authority and the body concerned with purchasing computers were cut—just like that, without any discussion or reason. Now, of course, we will have the overall impact of the local government cuts announced in the provisional settlement.

That will all have a significant knock-on impact on local businesses and employment. It is also being mirrored in the health centre and NHS reforms in the west midlands and in Coventry in particular. Above all, the police will feel a terrible impact. The figure mooted for job losses in the police is much higher than my hon. Friend the Member for Birmingham, Northfield indicated—as many as 1,000 police officers could be made redundant in the west midlands. That, of course, is why the Prime Minister, when challenged at Question Time earlier today, could not give a commitment that there will be no increase in the overall level of crime. We are clearly running a very big risk in making these cuts to the police force. It is all right to talk about back offices and the rest of it, but the simple fact is that these cuts are bound to have a significant and direct impact on policemen in the front line. The Government are preparing to cut—or to redesign, as it is called—control orders, and I hope they have reserve powers and are planning to use them in the event that the new version of control orders does not work. I also hope they have plans to rectify the cuts to the police force in the sad event—we all hope this will not happen—that those cuts lead to an upsurge in crime.

The detail of the local government settlement makes it clear that Coventry will lose £8 million in 2011-12, just as a result of the Government's damping methodology. The Government's justification for that loss is that the money will be given to other, more needy authorities, which would otherwise suffer too badly. Taken at face value, that sounds reasonable, but the authority in Coventry has written to me to say that closer inspection shows that the damping proposed in the provisional settlement is simply not having that effect in many instances. There are many examples where damping leads to perverse outcomes. The central problem with the damping procedure and the methodology that determines its outcome is that they consider only an authority's formula grant position and not the change in their overall resources.

As a result of damping alone, Coventry faces a 5% reduction in funding. It is worth mentioning other authorities, as my hon. Friend the Member for Coventry South has, in all fairness, already done. Some £130 million is being reallocated through the damping process to such needy authorities as Wokingham, Richmond upon Thames, Buckinghamshire, Hampshire and West Sussex. They are all fine authorities and belong to the great body of English local authorities, but it is perverse to pretend that they need money while Coventry, the west midlands, Northfield and all the other areas represented on the Opposition Benches in the debate today do not. It is perverse to concede money to them.

I can scarcely imagine that the Minister will seek to defend that arrangement, when he has such an easy, fair and more objective alternative that he could follow. That alternative has been explained to him by officials from Coventry—in all fairness, it is not difficult to understand. I do not know why Ministers do not seize it with both hands. Actually, I do know why: it would mean that they would have to go to their friends in the counties of the south-east to ask them to contribute. Those counties constitute the most successful part of the whole English—indeed, British—economy, and we should welcome that, because they are better able to contribute to the whole. If the idea of contributing was put to them reasonably, in terms of fairness and of those with the broadest shoulders bearing the biggest burdens, I am sure they would contribute. However, we do not do that; instead, we seek to compensate them further and allow them, under the Government's formula, to take more from less well-off constituencies.

Very simply, we are saying that the unfairness that has been built into the system as a result of the application and methodology of the damping procedure is taking money and jobs out of Coventry and 77 other authorities throughout the country. A damping approach based on overall resources would be far simpler and fairer than the approach proposed in the provisional settlement. That is the essential point that I want to keep repeating to the Minister. It has been put to him, but can we have a reply today? If not, does he intend that the Department will reply to our proposals? Our approach would avoid any of the perverse outcomes that have been illustrated. To repeat, the local authorities getting the additional £130 million, as well as hardly any cut at all in their funds, include West Sussex, Wokingham, Richmond, Buckinghamshire, Hampshire and Surrey. Indeed, Surrey is benefiting more than any other authority. I think Surrey was recently considered the most affluent of all areas in the UK—and one of the most affluent, thank goodness, in the whole of Europe.

Officers at Coventry city council carried out an analysis of such an alternative damping methodology, whereby the total funds available would be taken into account. I understand that that has recently been shared with civil servants. We recommend that they strongly consider changing over to that; and if they do not, we should like to know why they will not accept it.

3.20 pm

Mr Bob Ainsworth (Coventry North East) (Lab): I thank my hon. Friend the Member for Coventry South (Mr Cunningham) for getting the debate and for allowing me to speak. I want to talk about two issues—localism and fairness. I have been most struck by one phrase so far in the debate: the one used by the hon. Member for Nuneaton (Mr Jones) when he accused my hon. Friend of synthetic rage. I am certain that there are huge differences in political outlook between the hon. Gentleman and my hon. Friend, but I will tell the hon. Gentleman one thing: he will find out in time that there is little that is synthetic about my hon. Friend's feelings on local government. They are genuine and heartfelt. There are people in all parties in this House who genuinely believe in local government and localism. My hon. Friend is one of them, and he has a record of many years of defending the rights and autonomies of local government. I hope that the hon. Member for Nuneaton will come to regret the accusation of synthetic rage as he gets to know my hon. Friend better over the years.

The claim of synthetic rage echoes what we heard from Conservative councillors in the council chamber in Coventry, who, when the redundancy notices were being dished out, accused Labour councillors of scaremongering. We are going to lose hundreds of jobs because of the grant settlement in Coventry, and that loss will come on top of the fact that we shall have 1,000 fewer policemen in the west midlands and 1,200 or thereabouts fewer back office staff serving the police. People think that they do not do anything, but the police are under-resourced in their back-up, not over-resourced, as anyone who ever has to deal with them will recognise. The job losses will also come on top of the losses that have been inflicted on the city by the closure of organisations such as the learning and skills councils and by the demolition of our bid for Building Schools for the Future. They will be a very heavy blow. The words of those who say that people are scaremongering about the consequences or indulging in synthetic rage will come back to bite them as the consequences of the decisions—not yet felt, but soon to be so—become apparent to the electorate in many areas.

The other thing that the hon. Member for Nuneaton said—I am sure the Minister is about to say it as well—is that all that is happening would have happened in any case: the cuts were inevitable. This is where I want to move on to my second theme, fairness. My hon. Friend the Member for Coventry North West (Mr Robinson) has just been touching on exactly that. It does not matter what kind of organisation we talk about—a business, a Department, the Government overall or the nation—when there are difficult times, it is surely important that those who address the difficulties should be seen to do it fairly and properly. If people feel, as the Prime Minister tries to tell them, that we are all in this together and we all have to take our share of the pain, that pain becomes a lot more acceptable. People pull together and try to get the organisation in question through its difficulties. However, as my hon. Friend has just graphically exposed, that is not what is happening with the local government settlement grant—and nor was it with the police formula funding. Coventry is losing £19 million in formula grant and £17 million in other grant. It has lost in its entirety the area grant funding, and we are going to lose an additional £8 million due to the damping mechanism being introduced as a result of the Government's formula.

Damping, in principle, as has been said, is of course right. When shocks are delivered to the system it is right that they should be damped and spread, and that for a period those who are less affected should help those more affected. Who could argue with that? However, the people who are to gain from the damping mechanism appear to be in areas of the country that are a lot better off and better able to face the situation than communities such as the ones I and my hon. Friends represent. West Sussex, Wokingham, Richmond and Buckinghamshire all gain from the damping mechanism. While Coventry loses 7.2% of its formula grant, Dorset—I love Dorset and do not want to do anything to it; I hasten to say, with you in the Chair, Mrs Brooke, that it is a marvellous part of the country where I would spend more time, given the opportunity—gains 0.25%. Surrey, that underprivileged part of Britain, loses 0.31%. Coventry—not the most deprived part of the country, but certainly a lot poorer than those areas—loses 7.21%.

I fear that we are being invited to participate in a pretty cynical exercise. My hon. Friend the Member for Birmingham, Northfield (Richard Burden) touched on that matter. The Government's rhetoric about localism is convincing many people and organisations that they genuinely believe in a devolution of power. There are people in the Conservative party who do believe in it, as do people in the Liberal and Labour parties. I hope I am one of them. I have always believed in more power for local government and local areas, as against central Government. Wherever it is sensible to take decisions at a local level, that is where they should be taken. However, I fear that local government is being set up and that we are announcing more powers and freedoms for local government, so that we can blame it for the massive cuts in its ability to serve the communities it is elected to represent, which the Government have brought in at the same time. That is a cynical manoeuvre. It will take people some time to see through it, but I am certain they will, as they see through claims of scaremongering from Tory councillors on Coventry city council, and of synthetic anger, from the hon. Member for Nuneaton.

3.28 pm

Jack Dromey (Birmingham, Erdington) (Lab): It is a pleasure to serve under your chairmanship, Mrs Brooke. I, too, congratulate my hon. Friend the Member for Coventry South (Mr Cunningham) on securing this important debate on the impact of what the Government are doing to local government in the west midlands.

I start with an overview. The Government have made choices about the speed, extent and distribution of the cuts, but the cuts are too fast and too deep, and are targeted at deprived communities and vulnerable people. There is a consensus across the House on the need to reduce the deficit, but there are alternatives to these unfair and unreasonable cuts.

[Jack Dromey]

The coalition Government have made their choice. They have chosen to hit local government with bigger cuts than Government Departments, and they have chosen to front-load them so that the heaviest cuts fall in the first year rather than being spread more evenly over the next four years. They have also chosen to impose the cuts on the most deprived areas and on lower and middle-income communities, rather than distributing them more fairly. My right hon. and hon. Friends were therefore right to highlight the impact that the cuts will have on the great cities of Coventry and Birmingham.

Before proceeding to examine the impact of the cuts on local government in the west midlands, it is important to tackle the economic mythology that lies behind what is proposed. It is vital that that economic mythology, which has been propagated in defence of what the Government propose, is understood for what it is—mythology. We have heard, and will doubtless hear once again, that the cuts are unavoidable. We have heard, and will doubtless hear once again, that these deeply damaging cuts to local government are all Labour's fault. However, that is part of the Tory-led coalition Government's approach of rewriting history in order to justify their ideological vision.

Let us be clear: it was irresponsible bankers that caused the credit crunch and the deficits across the world that followed. We have seen recession on all continents and in all countries. My hon. Friend the Member for Coventry South was right to say that it was decisive action taken by the Labour Government that saw growth return and borrowing fall, and that saw jobs being protected. However, that action was opposed at every stage by the Conservative party.

Borrowing has risen in the UK and throughout the world as we tackle the global financial crisis. It must be brought down with a clear deficit reduction plan that has growth at its heart. It is a deceit for the Conservatives to claim that irresponsible spending is the reason why borrowing is high. Before the global financial crisis, Labour had paid down some of the debt. In 2007-08, as the crisis hit, the UK had the second lowest debt of the G7 countries at 36.5% of GDP. It was low because we had chosen to pay off the debt, reducing it from the 42.5% that we inherited from the previous Conservative Government. Borrowing rose because of the global financial crisis, and the deficit was unavoidable—but the Tory-led coalition's austerity programme is not.

Mr Jim Cunningham: It is worth pointing out that when we were in government and dealing with the crisis, we had a triple A credit rating. We had 14 years to pay off any borrowing. I note that the Government have totally ignored that. I also note that although George W. Bush refused to bail out Lehman Brothers, in the last month of his presidency he allocated billions of dollars to help the banking system in America. The Tories conveniently forget about that; they are on planet Cameron.

Jack Dromey: My hon. Friend is right. The leadership given by the Labour Government was followed worldwide. Had it not been for that leadership, we would have seen not recession but a prolonged slump over a decade and more.

No major economy is cutting its deficit at the reckless pace being followed by the UK. The Tory-led coalition's plans to tackle the deficit, which go too far and too fast, are not only avoidable; they are downright dangerous. However, nowhere are they going as far and as fast as in local government. We should consider the depth and speed of the cuts, and the fact that the Government are in denial about the impact of their choices.

The Secretary of State for Communities and Local Government was so keen to curry favour with the Prime Minister and to become a member of the Chancellor's star chamber that he signed up to huge front-loaded cuts for local councils without putting up a proper fight. As a result, town halls throughout the country will lose an average of 27% of funding over the next four years, compared with an average of 11% for Whitehall. The Government have also chosen to front-load the cuts, so that the heaviest reductions will fall in the coming financial year. Councils have only until April to decide where to reduce spending. Coventry and many west midlands authorities face cuts to their formula grants of above 10%. With the added pressure of the loss of specific grants and the removal of ring-fencing, those councils must find spending reductions of more than £200 million in 2011-12.

It is a problem not only in the west midlands. The Association of North East Councils, a cross-party group, has said that the Government's proposed local government cuts are "undeliverable" for some councils; and the president of the Society of District Council Treasurers has called the front-loading "disastrous". The Secretary of State has not been willing to admit that the cuts are front-loaded; nevertheless, it is clearly another choice that was made by the Government.

Many authorities will be forced into taking damaging crisis measures. The hon. Member for Nuneaton (Mr Jones) is absolutely wrong: it is not true to say that local government was expecting the scale and speed of the cuts now being imposed upon it. Local government faces much deeper and faster cuts than expected, and they will come about in a few months' time. Indeed, the Conservative chair of the Local Government Association said precisely that. That gives councils no time for innovation or to think of efficient solutions. Instead, there will be huge job losses and cuts to front-line services; and voluntary organisations funded by councils in the midlands will also face cuts.

Why is local government taking a 27% front-loaded cut, when Whitehall faces an average cut of 11%? Did the Government consult local authorities on the front-loading and other aspects of those cuts, and what steps did the Government take to satisfy themselves that the proposals were reasonable and workable? I suggest that the Government are in denial on all fronts.

The impact of the cuts is clear. The Local Government Association has calculated that 140,000 jobs will be lost in 2011-12. The Government deny that—or do they think that, as in the 1980s, unemployment is a price worth paying? The LGA said that councils will need about £2 billion for redundancy. The Government deny that, and have set aside £200 million to meet the cost of those job cuts. The Government have no idea of the cost of the redundancies, nor of the human cost of rising unemployment. The private sector, too, will be hit hard. For every job lost in local government in the west midlands, one job will go in the private sector.

The Government say that front-line services in the midlands can be protected. Before the general election, the Prime Minister said:

"But what I can tell you is any cabinet minister if I win the election, if we win the election, who comes to me and says, 'Here are my plans' and they involve frontline reductions, they'll be sent straight back to their department to go away and think again."

I would like to know the precise nature of discussions between the Secretary of State for Communities and Local Government and the Prime Minister. However, it is clear from what is happening in the west midlands that front-line services will be hit—and hit hard.

Birmingham city council, which is run by Conservatives and Liberal Democrats, has already announced measures to restrict social care funding to those assessed as "critical", the highest level at which eligibility is set. Those people with substantial or moderate needs will instead be signposted to private and voluntary sector providers.

In Birmingham, children's social care services are likely to see cuts of £10 million in 2011-12 and £16 million in 2014-15. Youth services will be slashed to save £3 million in the next financial year, and up to £4 million in the following year. Those cuts are just part of the £170 million that will be taken out of Birmingham city council's budget. Much-needed services to the people of Birmingham will be lost.

The leader of Coventry city council has described the cuts as hideous, saying that the people of Coventry are paying the price for the bankers' follies. My hon. Friend the Member for Coventry North West (Mr Robinson) was right to say that the cuts are not just restricted to local government. He pointed to the impact they will have on the west midlands police service. Up to 2,400 jobs are set to go, with more than 1,000 officers going over the next 12 months.

As my right hon. Friend the Member for Coventry North East (Mr Ainsworth) rightly said, the proposals are grotesquely unfair. There are many criticisms one can make of them, but the strongest must be that they have a disproportionate impact on deprived areas and on vulnerable people. In his statement to the House, the Secretary of State said that he sought to achieve

"a fair and sustainable settlement for local government...that is fair between different parts of the country." [*Official Report*, 13 December 2010; Vol. 520, c. 679.]

Yet data from the Department for Communities and Local Government demonstrate exactly the reverse. Even on the Government's own measure of revenue spending power, the west midlands is being hit disproportionately hard compared with the leafy shires of Surrey and the Bracknells and Wokinghams of this world. Data from the House of Commons Library make that absolutely clear. They show that the most deprived authorities in shire districts will receive an 8.5% cut to their revenue spending power, while the least deprived face only a 4.9% cut. Wokingham borough council, the least deprived unitary authority in England, will have a cut to its revenue spending power of just 0.6%. The Government have chosen to hit hardest the regions that are already hard hit, and that includes the midlands.

My hon. Friend the Member for Birmingham, Northfield (Richard Burden) was right to say that the city of Birmingham, which is the 10th most deprived authority in Britain, faces cuts on a huge scale—£170 million next year. Yet, Solihull, right next door and ranked 199th in the deprivation index, will see a cut of less than half that, at 3.5%.

We all agree on the need to cut the deficit—of that there is no doubt—but there is an alternative to the speed, extent and distribution of these cuts to local government budgets over the next four years. The cuts are too deep and too quick. They will have a devastating impact on communities all around the country, with the most dramatic impact being felt in the west midlands. The Government have failed to listen to the concerns expressed by the communities and local authorities of the west midlands. The Opposition are determined to speak up for the communities and councils of the west midlands, and we call on the Government to rethink these cuts before lasting damage is done to the very fabric of our society and the most vulnerable within our communities.

3.44 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): It is a pleasure to see you in the Chair, Mrs Brooke. I congratulate the hon. Member for Coventry South (Mr Cunningham) on securing the debate; I know that he takes great interest in local government affairs.

Some serious and interesting points have been made today, but let us start with the reality, which is that the damage was done by the incompetence of the previous Government. It is a bit rich, therefore, for the hon. Member for Birmingham, Erdington (Jack Dromey) to end on the note that he did, but it is a pretty good starting point for me.

There will always be disagreements between hon. Members over the cause of the recession, but the truth is that this Government are picking up the tab for what went wrong under their predecessor's watch. It does not advance some of the detailed technical arguments that I shall come to later, to go into denial about that or to try to say that the situation is entirely the result of something that blew in from north America thanks to the bankers. That is not the reality, and the public do not believe that. We need to deal with that legacy; that is a fact of life. I am sure that, in reflective moments, Labour Members recognise that as well, because those who served under the previous Government know that that Government intended to make very significant reductions because they had to, and because we cannot sustainably continue with a deficit of £156 billion, and interest payments of £120 million a day; that simply is not viable. That is money that will not be available for any kind of public service because it is going to pay the debt charges. That is why the coalition has had to tackle the problem swiftly and head on.

Reference was made to the country's credit rating. I suspect that if the coalition Government had not come up with clear, credible proposals that the international markets knew would get a grip on the deficit, our rating would not have been as secure as all of us wish it to be. There is no pleasure in doing this; our economic inheritance necessitates this action. Denying that gets no one anywhere. It is fine for the Opposition to criticise; that is what happens. None the less, one hears very little apart from the words, "It needn't be so far or so fast." When one seeks anything more specific than that, very little is

[Robert Neill]

forthcoming. We are doing the job. I understand why the Opposition will be carping from the sidelines, but they are not putting forward a convincing argument.

Let me deal with the specific points that have been raised. First, there is the question about the nature of the settlement itself. When Opposition Members attack my right hon. Friend the Secretary of State, it is the highest compliment that they can pay him because it shows that he has got them rattled. Perhaps that is because he has more experience and understanding of local government than many people in this House put together. The reality is that we have sought, within the difficult financial constraints, to produce a settlement that does reflect a fair balance.

Let us look at what we have sought to do in some important material matters that were referred to. The question of dependency was raised by a number of hon. Members. The introduction of the differential bands for the floor damping was specifically intended to reflect differing levels of dependency. Some local authorities are significantly more dependent on central Government grants than others. It was this Government who, for the first time ever, introduced the refinement of differential bands to reflect that. I know some criticism was made of the whole question of damping. With respect to the hon. Member for Coventry South, it is not a new concept. As a local authority leader many years ago, I used to argue the toss about damping with Ministers. I know that it has changed over the years, but the concept is not new. We have inherited two things—a financial crisis and a commitment to pass down much more power, including financial power, to local authorities. We also have a local government formula that has been in place for many years but is rather creaking at the seams.

That is why, regarding the future, we decided that it was appropriate that although the comprehensive spending review period runs for four years, we would have a two-year settlement to deal with the immediate issues and after that we would institute a comprehensive resource review of local government. That review starts this month and I anticipate that hon. Members will be able to see the consultation document very shortly. The review will enable us to take an overall view of how we resource local government. That issue has been kicked around for a long time and we need to come to a view on it. So the review will enable us to address some of the points that have been raised in this debate.

Richard Burden: Will the Minister give way?

Robert Neill: I will just finish my point and then I will, of course, give way to the hon. Gentleman.

Against that background, the Government have recognised that there needs to be a change. We have to deal with that change, but we also have to deal with the immediate needs and the immediate financial pressures. That is what we have endeavoured to do.

Richard Burden: I am grateful to the Minister for giving way. I want to put two points to him. First, if he is saying that the formula as it stands is unfair, why is he imposing the greatest cuts in the early stages rather than phasing them in with the changes to the formula that he is talking about? Secondly, does he believe that it is fair that Wokingham will receive a cut in its spending power of £4.46 per person when Birmingham will receive an equivalent cut of more than £100? Is that fair—yes or no?

Robert Neill: The hon. Gentleman raises two points that I was about to come on to. First, I was setting the context. We all accept that a system that has worked but that has come to a point where it needs change must be readdressed, so I hope that Opposition Members will support the local government resource review and the alternative means by which, for example, we can enable local authorities to keep much more of the product of the business rate that they raise, in the same way that we want to give them much more flexibility. Indeed, we have already given them much more flexibility by significantly reducing the amount of grant that is ring-fenced, so that even within the tight settlement that we have at the moment they can move money around to reflect their priorities.

Secondly, however, the hon. Gentleman makes an error when he makes the comparisons that he did. That is because another part of what we have sought to achieve is to recognise not only that dependency upon a grant varies but that the formula grant is, of course, not the whole picture. That is why we use the concept of spending power, which the Local Government Association raised with us, because councils also have reserves and the ability—within some constraint—to raise council tax. Council tax doubled under the previous Government: there is a limit to how much more one can expect people to pay, so we do not want to encourage council tax rises.

The hon. Gentleman forgets something when he looks at the amount of settlement that is received by local authorities; in fact, the amount of settlement is very instructive. He quotes figures about certain authorities because it suits the purpose of his argument. For example, he refers to Wokingham. Actually, let us make the comparison between Wokingham and Birmingham. Birmingham receives formula grant of £663 per head; Wokingham receives formula grant of £125 per head. So Wokingham gets something like a quarter of the support from central Government that Birmingham gets. That is a reflection of the fact that there may well be greater needs in Birmingham, but the suggestion that that element of need is ignored in the system is inaccurate, because we must look at not only the changes within the grant but where we are starting from. That is one of the points that has not been mentioned in this debate.

In the context that the hon. Gentleman refers to, it is also very significant that it was this Government, in refining the formula after consultation with local government, that actually increased the weighting given to what is called the relative needs element of the formula. That is the element that reflects greater pressures, elements of deprivation and other demands. So we as a Government—as a coalition—increased that weighting to 83%, which is more than it had previously been. That change was made to assist councils that are under pressure.

It was also this Government that set up for some authorities—generally including those in the west midlands—a transitional grant to cushion the loss of the working neighbourhood fund. The working neighbourhood fund was set up by the previous Government as a three-year

fund and they were going to end it in May 2011 anyway. As far as we know, they were not planning any transition arrangement. To alleviate the difficulties for local authorities that are under pressure, this Government made available moneys even in difficult times to put in place transitional funding.

So, with respect, there is a little bit of protesting too much by Opposition Members that this Government have not recognised the difficulties that local authorities in the west midlands face. We have tried, within the constraints that we inherited, to do something about those difficulties.

The right hon. Member for Coventry North East (Mr Ainsworth) referred to the specific representations that have been made about the damping formula. Perhaps I can take those representations on board. We have received a number of representations about the formula. The consultation period has not yet closed; I think it closes next Monday. Therefore, I am sure that the right hon. Gentleman will understand why I cannot say today what our response to that consultation is. I am aware of the suggestions that have been made. We will give a proper response to the consultation, but it is obviously right and correct that I do not make any response to the number of local authorities that have written in until we have had all of the material from the consultation process in.

Mr Robinson: The Minister has confirmed that the discussions are taking place. Of course we understand why he cannot necessarily tell us today about those discussions. However, can he just assure us about what he has just said, namely that the consultation will be taken seriously and that we will, in due course, receive a reply to the specific points made by the city council in Coventry? I am sure that such a reply would be well received.

Robert Neill: Certainly I can do that and I hope that in the future, when we have the local government resource review, Coventry city council and other interested local authorities will put forward views about how we can take the new system forward.

The Government are making the best of the difficult hand that we have inherited. However, we have done so with a determination to pass down more flexibility to local authorities. The number of separate grants has been greatly reduced—from 90 to about 10—and considerably more money has been rolled into the formula grant, which is generally regarded as being more equitable in its distributional effects than the various specific grants that had existed previously. We have also increased the weighting given to a needs formula.

Of course I accept that regeneration is important for the west midlands in particular. It is worth remembering, however, that outside the limited area of formula grant the Government are in fact spending very considerable sums of money to support regeneration, and that money includes money that will benefit the west midlands. More than £20 billion is being provided to support regeneration, including regeneration of housing, which is important in the region. We are honouring existing Homes and Communities Agency contracts and existing regional development agency contracts, investing some £4.5 billion to deliver new affordable homes. In addition, there is £1.4 billion from the regional growth fund, which we are seeking to align with a similar sum in the European regional development fund. There is also investment in transport, including some £750 million for High Speed 2, which will have a particular impact on regeneration by speeding up journey times to Birmingham and the west Midlands.

So I think it is fair to say that the Government are putting in money to try to assist the councils in the west midlands and we are seeking to do so in a way that will encourage private sector investment. That is why the RDAs, which many of us believed had become unduly cumbersome although others may not agree, are being replaced by local enterprise partnerships that genuinely have private sector businesses working with local councils. It is also why we are committed to a new homes bonus, to encourage private sector investment in house building, and to the review of local government resource, which will actually make it worth while for councils such as Birmingham and Coventry that have a good history in relation to business, industry and commerce to grow their tax base once again.

So the Government are adopting a very positive approach. First, the settlement deals with difficult immediate issues. We have endeavoured to be fair and we believe that the settlement is fair and progressive, for the reasons that I have set out. Secondly, there is a plan that goes beyond the settlement, with the review of local government resource, which is consistent with both the current requirements and our commitment to localism. Of course, we will be entrenching that commitment when we introduce the Localism Bill for its Second Reading in the House next Monday.

Annette Brooke (in the Chair): May I thank all the contributors to the debate and ask them to leave quietly? As the Minister is here already, I will begin the next debate.

Government IT Procurement

3.59 pm

John Pugh (Southport) (LD): It is a pleasure to serve under your chairmanship, Mrs Brooke. Few things are as beguiling as an anoraky discussion about IT on a wet Wednesday afternoon; I am sure that we are all looking forward to it.

I want to add to an improving narrative about the Government and IT, which are not normally considered a good combination; in fact, some would argue that a successful Government IT project is some sort of oxymoron. None the less, the Government are committed to saving money by advancing IT applications. They must save money, and that is one sensible way, on the face of it, to do so. Developing better applications, better use and better value in IT is part of the efficiency agenda that the Government are destined to follow.

That might seem in some ways to be a triumph of hope over experience, but IT is recommended primarily because it offers hope. It offers the hope of speeding up processes or eliminating manual processes, and the opportunity to reduce costs, especially—and, perhaps, regrettably—manpower costs. Those are real benefits in the long term. Unfortunately, the procurer—in this case, the Government—must shell out quite a lot of money in the short term. They must pay up and hope that they get results, and we are all aware of the disasters that occur when they do not.

I encountered a number of those disasters during the previous Parliament through my work on the Select Committee on Public Accounts. Nearly every Department can list one. I do not want to embarrass particular Departments, but I will cite a few. The Lorenzo patient administration software, which I saw demonstrated over the road in Richmond house, has not been implemented anywhere so far, although it was developed at appreciable cost. The Libra project, which affected the Ministry of Justice and the courts, went from £146 million to £232 million. A Department for Transport project ended up unexpectedly spitting out messages in German. The Ministry of Defence, which excels everybody in this respect, developed an infrastructure system that went from £2.3 billion to about £7 billion. I could add other examples with which we are all familiar through our casework: the Child Support Agency, tax credits, the Rural Payments Agency and so on.

I am extremely grateful for some of those illustrations, which were provided to me by the hon. Member for South Norfolk (Mr Bacon), who is something of an expert in the field and who is currently producing a book on why Government IT projects fail. I am sure that it will be available in all good bookshops and via Amazon. From what I have seen of it, it will be a forensic and rattling good read.

However, even the hon. Member for South Norfolk, with his expertise, accepts that there are mitigating factors. Even in the private sector, IT projects are not guaranteed to work. Sainsbury's had to write off a scheme developed at the cost of £260 million because its failure to operate properly was affecting the company's share price. The London stock exchange had a heck of a problem over many years developing some of its IT systems, presumably to the detriment of many traders.

Against that, one could say that there are many instances in which the Government are successful, but they are never noticed because they are never of any interest to the press. "Another successful Government IT project accomplished" will never be a headline anywhere. However, I can think of things that we use daily that work satisfactorily that were developed by the Government or Government agencies. I use an Oyster card regularly, for instance. The congestion charge is extraordinarily efficient; sometimes, regrettably, too efficient as far as some of us are concerned. The passport office's renewal service is good, and the Driver and Vehicle Licensing Agency system for renewing car tax is exemplary as a development of Government via the internet.

There are quiet signs—the Minister will wish to draw attention to them—that the Government have improved incrementally, and maybe substantially, even in the short time that they have been the Government. I believe that it is now common practice to deal with major suppliers, at any rate, as a Government, rather than allowing Departments to be picked off one by one by clever salesmen from software companies and the big IT firms. That is a laudable development, and one modelled on what happens in private enterprise. There are also various hurdles to get over. If some permanent secretary in some Department outside the Cabinet Office thinks that he has an IT project that will run, work and do the trick, he must now satisfy the Cabinet Office that that is actually the case. Such vetting and approval is surely a development that we want to encourage.

Getting things right is a hard art to acquire, and we as a Government and a country might not quite be there. The net effect is that some of the softer savings that we seek—those that are not publicly contentious and do not involve cutting services—will not be secured unless we drill down hard into that area and anatomise what goes wrong.

There are two schools of thought about what goes wrong. One school blames Government procurement: the specification fails, the tendering process is inadequate or civil servants are being suckered by streetwise corporates or conned by the consultants whom they often rope in to advise them. Essentially, they are being sold a pup and getting the wrong thing out of the box. The other school of thought—there is a lot to it—is that it is not the procurement and tendering that are going wrong so much as project management by Government. People talk about deficiencies in client-side expertise in managing, developing and evolving IT projects and about the Government's relatively poor understanding of software development, saying that there are few experts in the civil service with a thorough grasp of it.

Over the years, there has certainly been appreciable evidence of inadequate cost control and checking, as well as evidence that during the course of a project, Ministers or civil servants often suggest some innovation that ends up costing far more than expected. A classic and highly publicised instance was when the Government asked Boeing to improve the avionics of helicopters. The net effect was a price tag that they could not bear at the time, so we ended up with grounded helicopters, largely because we did not understand what we were asking Boeing for and because the company was certainly not prepared to be thoroughly transparent about what costs might be incurred. Strangely, on that occasion, the MOD did not have the money.

I can think of other instances. EDS was almost taken to court by the Government for the failure of the tax credit system, but part of the problem was obviously the previous Government's haste to get it up and running, even though EDS genuinely mentioned the problems that it could see. Despite the Government's bluster about their intention to take EDS to court, they never actually did, ending in a settlement that was more favourable to EDS than some people might have expected given the debacle. That leads one to believe that EDS was not solely to blame for how the project evolved. There is also evidence that in the process of developing the system for the Rural Payments Agency, in particular, civil servants—perhaps the people one expects to monitor the process—took their eye off the ball.

We are therefore torn between two different diagnoses of the ill. It could be procurement; it could be project management. I suggest that they are two sides of the same coin. It might be genuinely insufficiently appreciated how different IT procurement is from other sorts of procurement with which Government are familiar, such as office furniture, tarmac and trains, although even trains have a software dimension nowadays. There is a failure to appreciate that what the Government are ultimately buying is not just things but new ways of doing things. I genuinely think that it is easy for Government to get the procurement of things almost right. I say "almost right"; we MPs are familiar with the printers procured for us by the House. I dare say the House got a good price for the printers, but replacement cartridges cost way over the odds. I must say that that does not seem to be an excellent form of procurement. Equally, there are countless incidents of Government simply not acknowledging that they will have to pay huge amounts in licence fees as part and parcel of what they are ordering, and that often leads to new deals with the companies when Government are alerted to the fact and they simply end up bearing the costs.

With regard to IT hardware procurement, the Public Accounts Committee and the National Audit Office recommended some time ago that it would be sensible for all Government Departments to refresh their hardware every three years and that to leave it longer would be detrimental to true value. In a sense, even that advice is dated. I still work daily with a Power Mac that I ordered in 2001, so its lifespan is already three times longer than the NAO recommends. Therefore, I am not convinced that there is not an art to ordering hardware successfully, but I think that the chances of Government getting that bit right are higher than their chances of getting the new work processes and software processes right.

There are certain implications of Government buying new ways of doing things, rather than simply buying things. To raise a negative point, and one that is not implied, the solution that is often advocated is that we need ever more detailed and expensive tendering processes and more consultant advice. We certainly do not want sloppy tendering or a lack of clarity on objectives, but the problem will not be resolved by having greater detail in the specifications. That is not the answer, unless the name of the game is simply to mind one's back and prove that one has covered all the bases.

Prolonged over-specification does not seem to be the route out of the problem. Why is that? One thing that it does is put off small suppliers that cannot bear the cost or time constraints of a long tendering process and so cannot stay the pace. One consoling point about the demise of Building Schools for the Future is that its tendering process often excluded many capable and competent people and small and medium-sized enterprises. They might have had a real future role, but they were simply excluded by the nature of the tendering process because they could not match certain preordained criteria.

Another unhelpful consequence of over-specification is that it discourages innovative approaches. I spoke recently with representatives of a computer company that does a lot of business with Government, and they said that they are sometimes hampered not only by the fact that they have a well-defined tendering process, but by the OJEC—Official Journal of the European Community—regulations. They said that Government sometimes interpret those regulations as meaning that they are obliged to tell a company's competitors if it suggests a new way that it can do what the Government want it to do that is different from what was set out in the original tender, and that is a distinct commercial disadvantage that companies would not welcome.

Over-specification also often leads to the development of complex and expensive bespoke solutions to problems that could otherwise be solved by adapting off-the-peg solutions. I do not want to mention it because it is a sad business, but the Independent Parliamentary Standards Authority had to develop a new expenses system for MPs even though there are probably many available commercially that would have been adequate. I will give another example in which we are perhaps guilty of reinventing the wheel in order to protect our own interests. If a Member wants to look up what they have said in a debate, they can go to *Hansard's* search engine, which presumably was specially commissioned, where they will find a rather dismal process. If I try in a week's time to find what I said about IT, I will probably receive a message telling me that there are no matching criteria, or something like that. Instead, I will go to a commercially-developed website, TheyWorkForYou, which will take me straight to the *Hansard* pages that the *Hansard* search engine would not bring me to.

There is much to be said for Government simply making themselves open to a sensible counter offer when there is something out there that meets their needs, rather than demanding bespoke alternatives at every point and turn, because that plays to the big players, and we see evidence of that in Connecting for Health. Highly detailed criteria and inflexibility in the tendering process also rules out the kind of procurement, which works well in the private sector, whereby companies are approached not by individual big companies, but by consortiums that have a variety of skills and can operate in a fluid market.

Another route that we do not want or need to go down in order to find new ways of doing things successfully, which is what software procurement is really about, is having a new army of software programmers and geeks employed by the civil service. Essentially, we need better project managers who can understand the end-user experience, iron out unnecessary complexity and comprehend the implications of changes that are demanded. We need project managers who understand not only the technical implications of project change, but its human aspects. The classic example of failure to do so is the tax credit system, which was developed by a firm that had no familiarity with the circumstances and life conditions of the people who would be applying for tax credits.

[John Pugh]

I think that there is a route through, but it is not a command and control model. I suggest—I am sure that the Minister is inclined to agree with me—that any successful negotiation of IT and software matters must be a type of conversation, with an acceptance that product delivery requires refinement, hand holding and long-term maintenance. Therefore, we need to get smarter and recognise that it is a specific type of process.

There is a remaining issue that I will try to address in the minutes I have left—I want to leave the Minister 10 minutes in which to respond to the debate. Even if we accept that there is a new way of doing things, that the Cabinet Office will wise up to it and that computer procurement is more like a conversation than an adversarial game, we must recognise that sometimes even conversations turn sour and we end up with ineffectual and underperforming suppliers that are overly costly. What then can Government do? The normal response would be to think that such suppliers should be shown the door, notwithstanding the complication that might ensue for maintenance and further development.

What—if anything—tends to happen depends to some extent on Government's command over the whole process. If they are looking at a very proprietary solution, such as some quirky software over which a firm has sole and patented control, the options are dramatically reduced. Government can start the project again, which would be expensive and embarrassing, or they can continue to pay up and hope that the costs do not rack up too high, or they can just abandon a particular project and hope that everyone quietly forgets about it. There are incidents of that happening, such as Fujitsu's withdrawal from Connecting for Health. I suggest that it is in Government's interests, in most of their procurement, to insist on open standards, although not necessarily open-source software. As a powerful customer, that is exactly what they need to do.

I will make a brief comment on open source software, which is something of an enthusiasm of mine and had the Chancellor's backing back in 2009. I think that there are real merits in overcoming the Government's aversion to open source and recognising that it has advanced, that it is producing some very sophisticated SMEs and that it is not comprised entirely of bearded men in pullovers working in garages. There is a widespread belief that it represents a substantial challenge to some proprietary brands of software, and many of the big companies try to stifle open-source encroachment in the public sector.

In 2009, the Chancellor said that open standards, if not open source, could engineer a good deal of saving for the Government. He stated:

"We need to move in the direction of what are known as 'open standards'—in effect, creating a common language for government IT. This technical change is crucial because it allows different types of software and systems to work side by side in government. At a stroke it means big projects can be split into smaller elements, which can be delivered by different suppliers and then bolted together."

The article I am reading from is titled,

"When it comes to IT, big is not beautiful".

It states at the top:

"Agile, modern technology can transform public services and relieve taxpayers of bloated budgets".

I am sure that we would support that.

There is an overwhelming case for open standards, if not open source, as the Chancellor suggests. If we despair of a construction firm that is not building things properly, we can get in another firm that understands bricks. In mission-critical IT, projects need to be similarly resilient. If that does not mean open source, it certainly means open standards.

To conclude, the Government are moving in the right direction. They are trying to get the boring bit of government right, and that is important—we all subscribe to that—and the Cabinet Office has tried hard to embrace and spread good practice. I would like to hear from the Minister that that will be pushed further and faster, and with more success, because, if we are to believe the Chancellor, the savings would be substantial.

4.21 pm

The Parliamentary Secretary, Cabinet Office (Mr Nick Hurd): I welcome you to the Chair, Mrs Brooke. This is the first time I have served under your chairmanship, and it is a real pleasure. I do not know whether you count yourself as one of life's anoraks. I do not, but I thoroughly enjoyed that speech by the hon. Member for Southport (John Pugh). I congratulate him on securing this debate and, if I may say so, on the elegant way in which he plugged the forthcoming book by my hon. Friend the Member for South Norfolk (Mr Bacon), with whom he served on the Public Accounts Committee.

It is one of the oddities of this place that the Minister for Civil Society should find himself responding to a debate on cost reduction in information and communications technology procurement, but that is my fate as the junior Minister in the Cabinet Office. I should start with an apology to the hon. Member for Southport: this is not my area of day-to-day responsibility, so I am a fish out of water here, but I shall flap to the best of my abilities for the next eight minutes or so. I take this opportunity to reassure him that the Cabinet Office takes seriously the opportunity he has identified to find substantial savings and efficiencies, and better ways for the Government to commission, procure and manage ICT. I shall focus more on procurement, because that is where the Cabinet Office is in a leadership role and where it is particularly focused at present.

The hon. Gentleman was clear about the context in which this debate takes place, including the overriding priority to control the deficit. He will know from his experience on the Public Accounts Committee that there clearly is considerable scope to make savings on ICT, and we are focusing on that. Specifically, there has been a review of major programmes, the introduction of the ICT moratorium and a new, rigorous approval process for procuring consultants and contractors. We expect that up to £1 billion might be saved through the moratoriums in this financial year, if current buying behaviour continues.

In addition to those short-term measures, the Government are committed to delivering sustainable reductions in ICT expenditure—both the cost of goods and services, and the cost of procurement—through the following key initiatives, which are being incorporated. The first one involves managing the Government's strategic suppliers on a consolidated basis from the centre as the Crown, not from individual Departments—an opportunity that the hon. Gentleman identified. We expect that

work to deliver up to £800 million of savings through renegotiating and de-scoping existing contracts with the Government's top suppliers.

The second initiative involves centralising the procurement of commonly used goods and services, including ICT commodities, to standardise specifications and aggregate the Government's expenditure more effectively than in the past. That will deliver significant sustainable cost reductions from the existing baseline of £13 billion over the next four years and, in doing so, build on the recommendations made in the Green review.

The third initiative involves streamlining the current process used to source from and contract with suppliers through the application of industry best practice—in this case, "lean" techniques, which have identified the potential to reduce procurement and sourcing project times from an astonishing 85 weeks to 27 weeks, depending on the size, complexity and risk of the procurement, while ensuring compliance with European Union directives.

The fourth initiative involves introducing new spending controls, including a moratorium on any new ICT spend with a value of £1 million or more, and a review of all major projects, a number of which are IT-based. So far, we have reviewed more than 300 Government ICT projects worth nearly £3 billion, and have recommended that more than £1 billion of expenditure be stopped or curtailed. We estimate that the review of major projects has saved £400 million this year. Those are all serious numbers.

We are also developing a strategy that increases the agility of public sector ICT in supporting policy delivery, that achieves greater value for money, that enables effective and efficient digital services and that empowers the big society through greater collaboration and transparency, which is a theme the hon. Gentleman discussed.

Let me elaborate further on each of the initiatives. First, on managing the Government's strategic suppliers as the Crown rather than as individual Departments, one of the first actions that we took as a new Government was to announce saving targets of £6.2 billion for this financial year. A key part of that involves working with our leading suppliers, including ICT suppliers, to reform our commercial relationships and try to eliminate waste while protecting the fundamental services that we need to provide.

We are driving down the cost of Government IT contracts by negotiating directly with suppliers to achieve cost reductions and efficiency savings in our contracts. As I said, those renegotiation activities are expected to yield £800 million of in-year savings and substantial future savings. In addition, we are commencing reviews of large contracts with more than £100 million remaining contract value to identify further potential savings opportunities.

Secondly, on centralisation of the procurement of commonly used goods and services, we know that the Government buy the same commodity many times but at different price points. We are working to eradicate duplication, apply common specifications, and leverage the Government's considerable collective buying power more effectively. We are creating a new centralised procurement operating model, and that capability will be mandated across all Government Departments. That transformation of how the Government procure common goods and services through centralised category management is targeted to deliver significant sustainable cost reductions in the region of 25% from the existing baseline of £13 billion.

For each category, there will be a single supply strategy that will deliver a centralised sourcing solution, so that central Government can significantly reduce their spend through aggregation, standardisation and rationalisation. Centralised category management teams will negotiate best-value contracts for central Government Departments based on volume-bound agreements.

John Pugh: The Minister mentioned a moratorium. Clearly, a moratorium by itself stops the spend and in doing so saves money, but advocates and supporters of a project who want it to go forward will say that, if it goes forward, it will save far more money than will be saved by virtue of the moratorium. How does the Cabinet Office in its approval mechanism make a judgment about a specific project? Does it take a broad view on how credible a project is or how secure the savings are, or is it simply the case that a certain number of projects need to be stopped in order to meet a certain figure?

Mr Hurd: It is more the case that the moratorium provides an opportunity to go through the discipline of looking closely at what is actually going on.

In my last minute, I would like to expand a little on the third pillar of our approach, which involves improving procurement processes. We know that bid costs range from £20,000 to £200,000 for every month. We are determined to reduce that, and the 6,000 pages of guidance on procurement within Government. The "lean" study has set out the task ahead of us: to refine and introduce a lean, new procurement process.

The point of all that is to try to reassure the hon. Gentleman that the Government take extremely seriously the need and the opportunity to be more efficient in how they procure IT and manage it on an ongoing basis.

Planning Control

4.30 pm

Andrea Leadsom (South Northamptonshire) (Con): It is an honour to serve under your chairmanship, Mrs Brooke.

I am very pleased that I have secured this debate on the subject of planning, which is so important to my constituency and to those of many other hon. Members. I congratulate the Government on introducing the Localism Bill at this early opportunity, and I am delighted that the Bill will have its Second Reading on Monday. It will at last abolish the regional spatial strategies and the top-down housing targets implemented by the previous Government. The regional spatial strategy for the east midlands required nearly 40,000 houses to be built in Northampton borough and South Northants district. The figure was not derived from local housing need, but from the previous Government's determination to control house building from the centre, a policy that has been shown to be an abject failure. Under the Bill, planning for the needs of local communities will be returned to democratically elected councils that know, appreciate and understand the local area and the concerns of its residents.

I would like to bring to the Minister's attention four issues that are extremely important to my constituents. The first is the St Crispin and Upton development in Northampton, and in particular the building of the final 80 houses in a development of 3,600 houses that has taken 10 years. The second is the West Northamptonshire Development Corporation's role in planning. Thirdly, I want to raise a concern about the planning vacuum that we are in until the Localism Bill reaches the statute book, and fourthly, I want to raise the subject of wind farms and their inclusion in the Bill.

The St Crispin development is an excellent example of a development that was approved by an unelected body in the face of overwhelming objection from the local community. Despite the objections of more than 130 residents and many Northampton borough and South Northants councillors, the West Northamptonshire Development Corporation has approved the final stage of the redevelopment of the St Crispin hospital site, which will see a further 80 houses being built there. The major concern of residents is utterly genuine, yet it has been completely disregarded by the WNDC. Approval for the 80 houses should have been subject to the building of a new access road. The estate's existing roads are unsuitable for even the current level of traffic, with the main road through the area gridlocked twice a day at school drop-off and pick-up times. The congestion is a threat to the safety of schoolchildren needing to cross the road.

Justin Tomlinson (North Swindon) (Con): I congratulate my hon. Friend on securing this excellent debate. I am sure that all of us here have similar issues. In my constituency there is the proposed Tadpole Farm development, and traffic concerns are a major issue. Too often developers ride roughshod over the concerns of residents. I therefore fully support this debate, and very much hope that local communities will be empowered to get appropriate development.

Andrea Leadsom: My hon. Friend's point highlights yet again how local concerns were disregarded by the previous Government.

In the area, access to a residential nursing home and ambulance access to the local hospital are jeopardised by existing traffic problems, even without this yet further development. A relief road that was part of the original package for the estate has not been completed, and there does not appear to be any plan to do so, with continued protests from residents and councillors being ignored. I urge the Minister to consider calling in the application under the Secretary of State's powers, and to see for himself the shocking disregard for the community on the part of an unelected quango.

I turn now to the West Northamptonshire Development Corporation. It was set up by the previous Government to deliver the housing targets imposed by the regional spatial strategy, because the councils were not trusted to deliver them quickly enough. A minority of WNDC board members were elected councillors, but from across three planning authorities, so little democratic accountability has been the body's key feature. In the last financial year it spent £17.8 million and received a grant of £15.9 million from the Department for Communities and Local Government. I am sure that residents of South Northants do not feel that they have received value for money. I am delighted, therefore, that the WNDC will be disbanded in due course, but I urge the Minister to consider again whether he can do more to ensure that all planning powers are passed back to councils during 2011.

Although the Localism Bill is progressing though Parliament as quickly as possible, at present it is a set of intentions rather than a law, and this interim period before it finally appears on the statute book has created something of a planning vacuum in South Northamptonshire, which in turn is creating difficulty and worry for councillors and local residents alike. I have received a number of letters and e-mails from concerned members of our local planning committees, and I am very grateful for the prompt attention that the Minister has given them. The planning committee's members say that until the Bill becomes law, they are afraid to turn down applications for new housing developments on the grounds of the huge costs incurred by the taxpayer if their decisions are overturned on appeal. I should be grateful if the Minister would clarify for my constituents and councillors the precise process and timeline for moving from the old top-down housing targets to the new bottom-up community-driven plans. Between today and the date on which the Bill becomes law, how should planning committees deal with applications when there is mass local objection?

The final point on which I seek guidance is wind farm policy. Currently, this is a huge threat to the happiness of many local communities, in my constituency and across the country.

Karen Lumley (Redditch) (Con): I congratulate my hon. Friend on securing this very important debate. I want to pick up on her point about wind farms, and to ask the Minister for some clarity on his Department's thinking on this issue. I understand that there is some tension between the need for renewable energy in the form of wind power and the placement of wind turbines in rural communities where there seems to be ample space. I am finding that my constituents, especially

those within shouting distance of the planned wind farms, such as the one in the Lenches, are fighting a huge battle against both the planning process and the large companies proposing the plans. I am keen to know what the Minister's Department will do to remedy the conflict between renewable energy and local community choice.

Andrea Leadsom: My hon. Friend's contribution mirrors my own questions for the Minister.

Wind farms are, of course, an essential part of our strategy to achieve energy security. I entirely accept that, as do many of my colleagues here today.

Jason McCartney (Colne Valley) (Con): I congratulate my hon. Friend on securing this excellent debate, which is very timely, ahead of the Second Reading of the Localism Bill next week. I also thank the Minister for coming along.

My hon. Friend has already hit on the housing targets. Kirklees council in my patch is looking to impose 28,000 homes on an area that just does not have the infrastructure, so the debate is very timely indeed.

We are now talking about wind farms—we spoke about them earlier today. There really is a vacuum in planning strategy for wind farms. People in my community, in Birds Edge, Holmfirth and Scapegoat Hill, are opposing wind farms that are totally unsuitable, and unscrupulous people who do not fit into the local community are coming in just to make money. I am really looking forward to the inclusion of this matter in the Localism Bill.

Andrea Leadsom: The Minister will see that many colleagues are very concerned about the issue, and I am sure that he intends to address it.

Andrew Percy (Brigg and Goole) (Con): I, too, congratulate my hon. Friend on securing the debate, particularly on the comments that she has made about housing, with which I agree. I have a huge problem in my constituency, where Labour's local development framework is proposing a massive expansion of the town of Brigg.

On wind farms, what we really need is clarity as to what the Localism Bill means for appeals. I have an application for a wind farm development in Flixborough Grange that has now been submitted for the third time, and I want to be able to go back to my constituents and tell them that once we get rid of Labour's planning system there will not be constant appeals to central Government, and we will have proper local decision makers. We really need clarity as to where the buck will stop on decisions about wind farms.

Andrea Leadsom: I absolutely agree with my hon. Friend, and I continue to stress how much we all agree that renewables form part of the future for our energy security policy. I am well aware of the potential energy shortages in the latter part of this decade, a potential that was brought about by the previous Government's failure to prepare for the closure of elderly power stations and nuclear plants. A mix of energy resources, including renewables, is essential. However, it is unclear to me how big a part wind power can play in providing for our 21st-century energy needs.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): I want to raise a separate planning issue. In Wales, applications have been made for one or two sites that are owned by the local authority. Can attention be paid in the Localism Bill to applications when the authority is not only the applicant, but the judge and jury?

Andrea Leadsom: My hon. Friend makes a very good point. Returning to my question to the Minister, I am unclear about how big a part wind power can play in providing for our 21st-century energy needs. Denmark, which is Europe's leading contributor to onshore wind farm development, and France have both changed their policies on wind farms, with Denmark stopping all further onshore wind developments. Recent press has highlighted how during cold weather, the efficiency of wind turbines can drop to negligible levels. During the latest cold snap, wind turbines that normally produce up to 5% of Britain's energy achieved only a miserable 0.2% at a time of greatest need.

Three picturesque villages in my constituency—Helmdon, Sulgrave and Greatworth—are dealing with the prospect of a wind farm in the middle of the three villages. The residents are open-minded, and many have said that they would accept the proposal if they could be convinced that it offers the right solution. However, Northamptonshire is one of the least windy counties in the country, and local calculations suggest that the output of the proposed turbines may be as little as 19% of capacity. It is worrying that the generosity of taxpayer-funded renewables obligation certificates means that even with so little energy production, the project is still worth while for the developers.

I have read the Localism Bill in detail, and it seems that the new neighbourhood plans will include within its scope any generating plants of up to 50 MW capacity.

Craig Whittaker (Calder Valley) (Con): I congratulate my hon. Friend on securing this debate. Will the Minister respond to an ambiguity about the 50 MW output and neighbourhood plans? In Calder Valley, a plan is going through in Crook Hill, which is half in the Calder valley and half in Rochdale. If the two were combined, that would take the output well over the 50 MW limit for neighbourhood plans to have an input. Will the Minister clarify the position in that case, because many constituencies, such as Calder Valley, which have moorland around them, butt up to many other local authorities and local communities?

Andrea Leadsom: That is a good question, and it would be helpful to have a response from the Minister. Having read the Localism Bill in some detail, it seems that the new neighbourhood plans will include any generating plants of up to 50 MW capacity within their scope. I understand that that means that a community will be able to decide whether to include a wind farm of up to that size within its neighbourhood plan. I would be grateful for confirmation from my hon. Friend that that understanding is correct. I also understand that applications for generating plants of greater than 50 MW will be subject to determination by the Secretary of State as being nationally important. I would also appreciate confirmation that that is correct.

Finally, what will be the appeal process for wind farms under the new legislation?

[Andrea Leadsom]

The Bill is not clear—not to me anyway. Specifically, I and my constituents would like to know whether wind farms that are turned down locally could in future be approved on appeal just as easily as has been shown to be the case recently. What reassurance can the Minister give me that the views of local communities really will count in future?

In conclusion, I welcome the Localism Bill, and I am grateful to my hon. Friend the Minister for the support that he has given to my constituents, both in visiting us and in responding to questions. Northamptonshire was under siege by the previous Government, but I have great hopes of a bright future for my home county, where local communities will have a far greater say on planning developments and the focus will be on providing for local needs, not national diktat.

4.44 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): It is a pleasure, Mrs Brooke, to come back for round 2 under your chairmanship this afternoon. I congratulate my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) on securing this debate on an important matter. She has attracted a not inconsiderable following for it, which is no surprise to those of us who know her, and she addressed the issue with her characteristic energy. These matters are significant and important, and I shall do my best in the time available to deal with the points that she and other hon. Friends raised.

I shall deal first with the St Crispins development to which my hon. Friend referred. I am sure she understands that generally, and consistent with the policy of the Localism Bill, it is not the Secretary of State's policy to interfere with the jurisdiction of local planning authorities, unless necessary. There is a long-established practice that Ministers do not comment on the merits or otherwise of individual planning applications, lest it constrain the Secretary of State in his functions should the case come before him at some time, in which case he must act quasi-judicially.

I understand, as my hon. Friend said, that the full application for 80 dwellings known as the St Crispins development was submitted after the change in departure regulations and the issue of circular 02/09. On its own, that scale of development would not normally be referred to the Secretary of State as a departure from the development plan. However, I understand that the west Northamptonshire development corporation took the view that it would be wise to refer to the Secretary of State its decision in principle to approve the application. Apparently that was because the application clearly forms part of a much larger scheme in the Upton Lodge master plan. I am sure my hon. Friend is familiar with that. The position now is that, because of that decision by the WNDC, Ministers will have to decide in due course whether that matter will be recovered and determined by the Secretary of State following a public inquiry conducted, of course, by an independent planning inspector.

Having set out why I cannot comment more, I hope I can talk generally about the criteria for dealing with such applications. The purpose of the Localism Bill is to reinforce that. Parliament has entrusted local planning authorities with responsibility for day-to-day planning control in their local areas, and the Government's policy on call-in will be very selective. It is right that in almost all cases, the decision on whether an application should proceed is taken by the local planning authority. Its residents and citizens vote for it. In general, planning applications are called in only if they involve planning issues of more than local importance.

I accept that there are complications in my hon. Friend's part of the world because the west Northamptonshire development corporation is the decision-making authority in this case, but that authority, as with any other planning authority, must have regard to both the approved development plan and any material considerations. The same principle would apply to an inspector or the Secretary of State.

I understand why there may be a tendency for confusion between the role and purpose of the development corporation and another body—the west Northants joint planning unit. The WNDC was set up in 2004, and was given development control powers for certain types of development. A quinquennial review of all three urban development corporations, including the WNDC, concluded in January 2010. Following that review, the previous Administration decided to hand planning powers back to local authorities in a staged way, beginning in April 2011 with raising the threshold of applications dealt with by the WNDC to 200 houses and the return of mineral and waste applications to the county council. Similarly, the threshold for commercial applications will also be set up then.

As the corporation was set up by a formal order, legislation will be required to make the changes. Subject to assurances that the local authorities have adequate capacity to operate their planning systems, we see no reason why the full transfer of powers should not be completed by April 2012, when we will be back to the normal situation of the local authority being the decision-making body. The joint planning unit was set up by statutory instrument, following agreement by the county council, Northampton borough council, Daventry district council, and South Northamptonshire district council to prepare a local development framework for their area, west Northamptonshire. That arrangement could be revoked by a constituent authority that requested the Secretary of State to use powers under section 31 of the Planning and Compulsory Purchase Act 2004.

My hon. Friend mentioned the wishes of her district council in South Northamptonshire to leave the joint planning unit, and my officials have sought views from the other local planning authorities involved. Once all their views are known, it will be necessary to assess the effects of dissolving the joint committee, or modifying it so that South Northamptonshire can sit outside the committee but still contribute to the joint planning of growth, particularly on the edge of Northampton. Although we seek to get rid of artificial structures, the Localism Bill will place an obligation on local authorities to collaborate on and co-ordinate spatial planning issues.

That is where are at the moment. The WNDC will be gone and its powers returned by April 2012. Because it was created through a different route, the position of the joint planning unit is slightly different and any change would require the views of the other authorities. We are seeking that, and I will obviously speak again to my hon. Friend once we have a clear view as to how other people will react and what is the best way forward.

Neil Carmichael (Stroud) (Con): I thank my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) for securing this important debate. I am concerned about enforcement and appeals, and I am thinking about the transition from the existing planning regime to the new regime once the Localism Bill becomes an Act. Will the Minister comment on a situation where an appeal is made about a recent decision, and how that might be treated under the new planning regime?

Robert Neill: There is a legitimate role for an appeals process in a planning system. Planning decisions are matters of important public consideration, and in many circumstances affect proprietary rights. Our advice is that it is necessary to have an appeals process, and to ensure that the system is compliant with human rights legislation. We must have a planning system, and our desire is to avoid the system we have at the moment, whereby planning by appeal takes place almost automatically because local authorities are almost forced to refuse applications because they are grounded on the basis of the regional spatial strategies, which do not have regard to local needs. I want to get away from that. The scheme in the Localism Bill—it is too detailed for me to go through at this stage—involves front-loading the process to encourage much greater community involvement in the development of neighbourhood plans; and developments over a certain minimum threshold will require pre-application discussions. The best developers do that anyway, and that will provide a greater opportunity for issues to be thrashed out before the decision-making process, rather than being decided on appeal.

The Bill proposes to abolish the pre-determination rule. That rule is a considerable vice because it prevents local councillors from speaking out on behalf of their constituents for fear that they will be prevented from being involved in a decision. There will have to be an appeals process, but I hope that if we can reduce the volume of cases that go through it, and look at how to simplify it and make it more intelligible, that will deal with many of the issues raised by my hon. Friend the Member for South Northamptonshire.

Andrew Percy: I want to be clear about the issue of appeals. The local authorities of East Riding of Yorkshire and North Lincolnshire have hit their 2020 targets for renewable energy generation. I know that those targets have been removed, but we feel strongly that we already have our fair share of wind farms. What will be the situation with appeals? It is likely that our local authorities will want to continue to reject wind farms. We cannot front-load the system because we feel that we have already played our part. What will be the appeals process in such situations?

Robert Neill: With respect to my hon. Friend, it is not realistic to spell out that degree of detail at this stage, but it will become apparent. Under both the current system and the new system proposed in the Bill, in which we want to place more weight on the view of the local authority, we are looking at the basis on which an appeal could override the view expressed in the local plan, and to what extent that would be the appropriate course. The local planning authority, be it the statutory planning authority or the neighbourhood plan that would become part of the local plan, has to be cognisant of and consistent with national planning policy. It is the coalition's policy to support the development of wind farms where appropriate, but I accept that there is a concern to ensure that the community's views are properly articulated. That is why we will address those points about how to get the balance right, not just in the Bill but in parallel with the important reforms and the creation of a national planning priorities framework. That is an important point and I ask my hon. Friend to be patient. We will consult on the national planning framework, and I suspect that he and his constituents will want to have an input into the best means to deal with that issue.

Andrea Leadsom: Are the Government considering allowing appeals against approvals that have already been given? That would be the opposite of an appeal made by the developer, and could be an appeal by local residents who are unhappy with the decision already taken.

Robert Neill: A number of alternatives were posited on that matter, but there are complications to any significant reform of the appeals system. Our instinct is, first, to put the Localism Bill into practice, secondly, to get the national planning framework up and running, and then to look at the appropriate means of proceeding thereafter. Of course it would be appropriate for a neighbourhood plan to express a view about things such as wind farm development, subject to the 50 MW threshold that would turn a scheme into a nationally significant infrastructure project.

Guto Bebb (Aberconwy) (Con): I congratulate my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) on securing the debate. I represent the constituency of Aberconwy. It has one of the largest wind farms currently proposed, Gwynt y Môr, which is a £2.2 billion development. It was opposed by local residents and the local authority, but it was approved by the current leader of the Opposition, the right hon. Member for Doncaster North (Edward Miliband), when he was Environment Minister. It is a strategic development, and I understand that under the Localism Bill it is likely that such a decision would be made at the centre rather than at local level.

Although the developers promised a significant community compensation package, because the plan was opposed by local residents and the local authority, when approval was given by central Government the compensation package was vastly reduced. Would that issue be addressed in the Localism Bill?

Robert Neill: It should be. We want to spell out with rather more precision exactly how local communities can benefit from the approval of wind farm development, where appropriate. There has been a lack of clarity about that until now. We also want to look more generally at how one can capture the benefit of what is called "planning gain" for communities within that context. There will be a hold for neighbourhoods in that regard, and they will be able to benefit in a more systematic and transparent way than they do at the moment. It will be possible for things such as wind farms to be dealt with in a neighbourhood plan. However, any such plan must be consistent with the overarching national policy that we intend to set out in the national planning priorities framework.

[Robert Neill]

I hope that that has dealt with a number of the issues raised, although I have not been able to deal with every point made in the time available. My hon. Friend the Member for Brigg and Goole (Andrew Percy) raised a point about a multiplicity of applications, and I will have to return to him on that. To some degree, we must delve into the realms of case law when we get to that topic, and I do not want to commit myself to that on the hoof. However, from what I have heard, I suspect that there are likely to be a number of participants in the proceedings of the Localism Bill as it makes its way through the House, and I welcome the interest shown by all my hon. Friends in that important matter.

I end by congratulating—and I think thanking—my hon. Friend the Member for South Northamptonshire. She has given me a busy time at the end of a Wednesday afternoon in dealing with the debate, and I will get back to her on any specific points that I have not been able to address.

Question put and agreed to.

4.59 pm

Sitting adjourned.

Westminster Hall

Thursday 13 January 2011

[JOHN ROBERTSON *in the Chair*]

BACKBENCH BUSINESS

Communities and Local Government (CSR)

[Relevant document: evidence taken before the Communities and Local Government Committee on the Comprehensive Spending Review on 21 December 2010, HC 699.]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Stephen Crabb.)*

2.30 pm

Mr Clive Betts (Sheffield South East) (Lab): It is a pleasure to serve under your chairmanship, Mr Robertson. I am introducing the debate as the Chairman of the Communities and Local Government Committee, and I shall draw heavily on the evidence session that the Select Committee had with the Secretary of State; the Minister of State, the right hon. Member for Tunbridge Wells (Greg Clark); and the Minister for Housing and Local Government on 21 December 2010. I shall try to do so objectively, and I am sure that other members of the Select Committee who are here will do the same. However, we all have to wear our political hats as well, so my interpretation might be slightly different from that of some of my colleagues.

Other members of the Select Committee, particularly from the Labour side, wished to be here, but I am sure we are all aware that two of them have constituencies adjacent to one where a by-election is taking place today. I do not know whether the rumours are true, but perhaps the major Government party has not been quite as enthusiastic about fighting the by-election as some other parties have been.

I thought for an awful minute that the Minister might be late. I thought that he might have been detained in last-minute urgent discussions with the Treasury, and that he would come here and announce a little bit of improvement on the settlement. We would have had even more to discuss in terms of helping local government through what will be a difficult period.

I do not want to get bogged down in the Government's overall policy on deficit reduction. The Secretary of State mentioned it in the evidence session, and said that everything had to be seen in that context, which was a fair point to make. I might make a different point about the depth of the attempts at deficit reduction and the speed at which the Government are going about it, but that is not our job here today; it is to look at the impact on local government and local services.

Nevertheless, it has to be said that if the impact of the scale and speed of deficit reduction is that the economy stalls and unemployment rises, it could lead to increased repossessions, increased rent arrears, pressure on housing services and housing and benefits advice, increased social tensions in communities, and an increase in crime. All those, of course, have an impact on local government: they increase the demand for local government services and increase the need to spend money at local government level and to switch it away from other important and essential services that local government carries out. I shall say no more about that.

Yes, all right, the Government have embarked on a significant deficit reduction programme which means, in effect, cuts to public expenditure. The average cut among Whitehall Departments will be 19% over the four years. I shall raise several matters which I hope the Minister can come back on. The first is that we have not had an explanation as to why the Department for Communities and Local Government seems to have been ready to offer itself up for the largest cut of all. The central Department's spending will go down by 68% in real terms over the four-year period.

The Government are saying that that is all right because many of the functions that the Department carries out will be passed down to local authorities—the brand of localism is at the heart of what they are saying. On the other hand, the Localism Bill, which will come to the Floor of the House on Monday, includes a great deal of work for the Department at the centre to do. It provides some 150 order-making powers that Ministers and civil servants will be involved in administering. I have concerns about the effectiveness of future work in the Department, given the scale of the cuts.

George Hollingbery (Meon Valley) (Con): As a matter of correction, I seem to recall from the evidence that the Secretary of State offered that the headline figure for the cuts in the central Department was 68%, but that if one took account of large amounts of direct spending that will be transferred from the Department to local government—not just administration but actual spending—the reduction is actually 33%, exactly equivalent to the Treasury cuts.

Mr Betts: That is still a big figure. It might be helpful to take this a stage further. Perhaps we could have at some point a note from Ministers to identify precisely where the difference between the 33% and the 68% actually goes in being passed down, because local authorities have not been claiming that they are seeing the benefit of an extra 35% in their budgets.

Paul Farrelly (Newcastle-under-Lyme) (Lab): Before my hon. Friend gets to the substance of his remarks, would he agree that cuts in themselves are one issue, but that there is a separate issue about fairness in how they are applied? It seems from the headline figures that areas in the most need are suffering disproportionately from the cuts, while areas that one might refer to as leafy boroughs and counties are getting away with small cuts.

Mr Betts: I agree with that. I believe there are statistics to prove it, although other Members might come to a different conclusion when looking at the same statistics. We had a discussion with Ministers about that in our evidence session. I shall come on to that specific point, which is an important one.

Moving on from the spending for the Department at the centre to local government budgets, there will be a 28% reduction in Government grant over the four-year period. I believe that that figure is agreed; I do not think

[Mr Betts]

that anyone denies it. Why is local government taking a hit that is much larger than the average reduction in Government spending as a whole? There is a slight feeling that it is because it is easier to give the problem to someone else to deal with rather than dealing with it oneself. Pass it on to local government: it will deal with the difficult job and someone else might be blamed.

Mr Stewart Jackson (Peterborough) (Con): I hear what the hon. Gentleman says. However, given that the right hon. Member for Edinburgh South West (Mr Darling) committed to 20% revenue reductions before the election, and that, as I understand it, the policy of the Opposition is not to ring-fence any particular Government Department, it is clear that local government would have had to take substantial reductions if Labour had been re-elected. The difference is that the reductions have never been quantified by the hon. Member for Sheffield South East (Mr Betts) or any of his colleagues.

Mr Betts: I said at the beginning that I do not want to get into a long debate about the overall nature of deficit reduction, apart from saying that the Labour party has a different view about the scale—reducing the deficit by half, not totally eliminating it, over the four-year period—and the pace, which would not have been as great. We would not have started the cuts in this financial year, before the economy had properly started growing. There are differences.

However, I come back to the point that, whatever the average level of cuts across Government, there still has to be a justification as to why spending on local government—the money passed on by central Government to local government—is taking a hit that is much bigger than the average for all Departments. Why is that happening, particularly when local government has a good track record in making efficiency savings? If one looks at government as a whole, it was local government that led the way, even under the previous Government: 2% year-on-year efficiency savings were built into its budgets.

If one looks at the impact of government services as a whole, the services that are provided by local government are some of the most immediate to our constituents. They include services to the disadvantaged and those in need: social services care provision, aids and adaptations. They are about the quality of life: things such as parks, libraries and sports centres. They are about essential provision for daily life from which everyone benefits, whether it be refuse collection, street cleaning, highway maintenance, street lights—the kinds of things that everyone benefits from in terms of the taxes that they pay and the services that they get. Why put those immediate services for most of our constituents at more risk than the average in terms of cuts of Government spending as a whole? The Government must answer that question.

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): In fact, the figures show that revenue support for local authorities reduces by 26%, and that happens to coincide with the percentage of public sector spend that local government takes. However, the independent Office for Budget Responsibility has made it clear that because local authorities have forms of income other than the central Government grant—council tax, for example—the actual reduction in spending power is 14%, which is considerably less than that of central Government Departments.

Mr Betts: I accept what the Minister says about the different ways in which figures have been presented, and I shall come to that in a second. I am not going to complain about or disagree with how that was done, because it is important to look at spending power, but I come back to the point that I made. If central Government are looking to cut their spending, why have they cut the resources that they pass on to local government by more than the average cut in central Government spending as a whole? That seems a reasonable question, irrespective of the issue of local authorities' spending power.

The second issue is: why have spending reductions been so front-loaded? Local government has rightly complained about that. There is no doubt at all that there is front-loading: of the 28%, 10% is in the first year and 8% in the second. Local authorities, not just the councillors but the officials, say that the immediacy of the actions they have to take means that decisions will be less well made and there will almost certainly be less opportunity for the transformation of service delivery, which we all agree can make savings without the need for service cuts. It also means that local authorities will be pushed back into the salami-slicing approach, which Ministers say they do not want. I am not making a party political point. Authorities of all political persuasions—Conservative, Liberal Democrat and Labour councillors in the Local Government Association—will all say the same thing: that the pressure of front-loading will lead to a less effective and less efficient use of the available resources.

The front-loading will also mean that authorities have less chance to use natural wastage to save money, and will be forced, to a greater extent, into making compulsory redundancies, which are expensive; the money used to pay people to leave and to enable cuts to be made, could have been used to provide service delivery. We know there is an argument there. In the evidence session, the Secretary of State said he thought that the LGA figure of 140,000 job losses in the next year was wrong, but we never quite got from him what the right figure was. Nevertheless, there will be significant job losses.

The Government believe that £200 million of capitalisation will be sufficient to cover redundancy costs; the LGA says £2 billion. Even if the figure is somewhere in between, local authorities will struggle if redundancy costs are of that scale, because getting rid of people in the first year might not make savings and might actually become a cost. The offer that I think the Secretary of State made, that if he had to provide another £1 billion of capitalisation he would cut the revenue grant by a further £600 million, does not seem to be the best offer that local government has ever had from central Government on such matters. Indeed, I think the rather angry response to the evidence that the Committee received from Baroness Eaton on behalf of the LGA has been circulated. In it she states that her recollection of the discussions with the Secretary of State on capitalisation was slightly different to that of which he had informed the Select Committee. She

could not understand why, if local government had to make necessary redundancies and wanted to capitalise that cost further, it would be penalised by the Government's reducing the revenue grant. It would be helpful to have some comments from the Minister, bearing in mind the LGA's response.

There is a very big issue here of the speed of the cuts and their front-loading, and the effect of that on local authorities' ability to digest the cuts into their systems and make sense out of them, as opposed to having to salami-slice at least an element of the cuts and having to pay quite a bit of money out for redundancy costs that would otherwise not have been necessary.

I shall now respond to the Minister's point about how the announcement was phrased. The Secretary of State obviously tries to get the figures down in his announcements, and I happen to agree that looking at spending power rather than at simply grant allocation is the proper approach. We still should look at the grant that central Government give as opposed to what they are doing to cut spending elsewhere in central Government, but it does matter in the end how much local authorities have to spend. When we look at the figures, however, we see a difference between the 8.9% maximum reduction in spending power that any authority has to face and the 0.1% increase that Dorset has managed to receive.

As my hon. Friend the Member for Newcastle-under-Lyme (Paul Farrelly) mentioned, there is a significant difference in the level of cuts and the reductions in spending power between the most and least deprived authorities. The figures that came out of the Library from the Scrutiny Unit show that the 10% most deprived single unitary authorities lost 6.4% of spending power and the least deprived 10% lost 2.2%. That is a significant difference. We have had a discussion about the Scrutiny Unit's figures, and those figures clearly show a correlation between authority deprivation levels and how much spending would be cut. I do not think it is fair, but I accept, to a degree, that it is more difficult to protect authorities that have large grants because they are deprived, when grant cuts happen. I accept that the Government have done something, at least at the beginning of the process, with the £85 million transitional money to mitigate the problem, but whether that money will be available later in the spending round remains to be seen.

Mr Stewart Jackson: Surely, the hon. Gentleman misses a number of points. One is that he is not looking holistically at the cumulative picture over the past number of years of the grant settlement between local authorities in the south-east of England and those in the north-west and the north-east. Frankly, his Government, when in power, had the opportunity to deal with those issues through, for instance, working neighbourhoods funding, and only very belatedly disaggregated that into super-output areas to tackle the worst cases. They had that opportunity to tackle the underlying problems of social deprivation, but failed to do so.

Mr Betts: I do not agree. We can always have discussions and disagreements about the extent to which grant allocations are fair, and I do not think there has ever been a grant allocation about which some Member has not stood up in the Chamber and complained, saying that their area gets a raw deal. That will always be the case, no matter where we get to. What tended to happen during the spending settlements of the Labour Government was that it was Conservative Members from the leafy shires who tended to get up and complain that they were getting a raw deal and that Labour was doing too much to help deprived areas. That was the general theme of discussions. I think that funds such as the working neighbourhoods fund were, in the end, both reasonably targeted to help some areas of deprivation and reasonably effective. I accept that the Government have decided to abolish the fund and to incorporate it into the revenue support grant.

Fundamentally, this is a matter of principle: as long as a fair settlement can be obtained through the RSG, I am not against the initiative. Over the past few years, there has been a move—under the previous Government and now under this one—to reduce, and hopefully eventually to abolish, ring-fencing and I am generally supportive of that as a principle. With the proviso that the allocation is fair, it should be up to local councils, once the allocation is given to them, to determine how to spend the money in their areas. There will be certain statutory requirements, but essentially, as a move away from ring-fencing and towards a more open method of allocation, I am supportive of this.

Paul Farrelly: I do not wish to campaign for cuts for anyone. My hon. Friend mentioned Dorset, and I shall read out some more names: Windsor, Maidenhead, Poole, West Sussex, Wokingham, Richmond upon Thames and Buckinghamshire. They are all in line for cuts of less than 1%, yet some inner-city areas are in line for the maximum 8.9% cut. Does my hon. Friend not agree that the general public will see that as profoundly unfair?

Mr Betts: The certainty is that people in Sheffield will think that that is profoundly unfair. I cannot resist making a party political point here: they will tend to wonder why a party controlled by the junior member of the coalition has not fought harder for the resources of northern cities such as Sheffield. I was perhaps tempting a response, but I am not going to get one. I am sure that issue will stay around.

I return to the point that one of the problems that the Government have in trying to make the settlement fairer than it is—I do not believe that it is fair—is that the speed of the cuts and their front-loading makes it that much harder to make any sense out of them. The element of transitional funding that would have been needed to mitigate that unfairness would have been a lot bigger than the £85 million that was finally agreed with the Treasury. That is one of the fundamental problems of the front-loading of the cuts and their scale.

I shall make another party political point—they are difficult to resist—but we must put the issue in context. The Minister may use this against me and say that local government has had a lot of money over the years, and that rowing back should not be too difficult. But the increase in total grants, including police and schools grants, and excluding business rates, that central Government provided to local councils from 1997 to 2010-11 was 80% in real terms, which is a very big increase. I return to the point that local government was asked to find 2% efficiency savings year on year, and it has achieved that. Local government as a whole is now a much more efficient organisation than 13 years ago.

[Mr Betts]

A fundamental point about which the Minister may want to say something and on which the Committee challenged Ministers is the amount of business rates and the return of business rates to local authorities, and the fact that by 2012-13—the Secretary of State fundamentally confirmed this—the amount going to local authorities will be less than the business rates coming to central Government. There is a legal requirement on the Government to return all collected business rates to local councils. That will happen this year, but clearly it will not happen in future if the figures—they are notional at this stage—are confirmed.

The Secretary of State said that there were likely to be changes before 2013. There is a review of local government finance, and I understand that the Government's intention is that business rates collected in an area should be retained there. How will there be an element of redistribution in grant to areas that are deprived and do not have a large business rate base if the total amount of money that central Government give to local councils is no more than the business rates collected, but the business rates will remain with local authorities? How can we achieve any element of redistribution to reflect differences in needs and resources if that is the Government's intention? This is a really big issue, which Ministers will have to address at some stage.

I do not demur from the Government's objective to relocalise business rates. I would like local authorities to be given the power to set the business rate. I do not believe that that is the Government's intention, but it has been my long-term view. At a time when total Government money for local authorities is shrinking rapidly, if business rates are all they have left to give back, but there is no money because it will stay with the local authority that collects it, where is the element of redistribution of Government funding? The cavalry is behind the Minister, and I hope that he will be able to give us an answer.

I do not know whether the Minister will defend this, but can anyone seriously say that there will be no need for cuts in front-line local government services? I am sure that all hon. Members here have been talking to their local authorities, but I do not know anyone who has been assured by their council leader that there is no need for cuts in front-line services. This is not a party political point. All parties in the LGA will say the same. I accept that there has been an extra £1 billion for social services provision, but we all know that there are democratic pressures, particularly if we are trying to keep people out of hospital with aids, adaptations and care packages. That may not even take care of the demographic pressures.

The Secretary of State has said that the Supporting People programme need not be cut, but the next day Westminster council announced a £1 million reduction in its programme. We were told that there was no need for other cuts in front-line services, and that, if local authorities shared their chief executives and a few back-room functions and HR and planning departments merged, that would be sufficient to provide savings in all authorities. That is not true, is it? No one in the Chamber believes that sharing chief executives, HR departments and planning departments will mean no need for cuts in front-line services.

Mary Macleod (Brentford and Isleworth) (Con): Does the hon. Gentleman agree that sharing services can bring about real savings to local authorities—there are definitely savings to be had from sharing chief executives—which could help local authorities to deliver better services?

Mr Betts: I do not want to give the impression that I am against local authorities deciding to share services in the right situation. My instinct is that an authority such as Sheffield probably needs its own chief executive, but perhaps some smaller authorities could reasonably share. Authorities such as Sheffield, which has very good departments—for example, our planning department—could offer services to other authorities. There is capacity for that. My point was whether such savings *would be sufficient* to deliver all the necessary spending reductions with no cuts in front-line services. That is not the message that I am getting from local councils of all persuasions throughout the country.

Justin Tomlinson (North Swindon) (Con): The issue is not just about chief executives. My local authority combined the roles of head of the primary care trust and head of adult social services, which saved money and provided a co-ordinated approach to delivering improved front-line services.

Mr Betts: The only problem with that is that the post of PCT head will go shortly, so that saving will probably disappear. The issue is interesting. I would have liked to be much more radical and bring the functions of the PCT generally within the orbit of local authorities. One or two Conservative councils—I think Essex is one—were up for that. There could have been some more radical changes to make savings.

Local authorities know that they have areas of statutory responsibility in social services and will try to protect those as well as they can. They also know that if reductions are made—this is becoming clear throughout the country—standards of street cleaning will deteriorate, as well as highway maintenance, for which there will be a 19% cut in capital funding. It is right to protect concessionary bus fares for pensioners, but there will be a squeeze on funding for integrated transport authorities in metropolitan areas. For example, subsidies for evening and weekend services, rural services and young persons' concessions will be hit, and that will then hit people who are more deprived and do not have a car, and who are younger or older and rely on local bus services. The services affected will be those that deliver quality of life—parks, libraries and sports centres.

The Secretary of State said that there was no need for cuts in front-line services, but Doncaster, which has an independent mayor and Labour councillors, will close 14 of its 26 libraries. I understand that Gloucestershire will close 11 libraries and have seven open for only three hours a week. Somerset will close 20 of its 34 libraries, and Croydon will close five. Those councils, which are not of a Labour persuasion, are all making cuts in front-line services. Is the view of the coalition—both parties in it—that all those cuts are unnecessary, and that those councils are maliciously ruining services for constituents and residents when they need not be cut?

Andrew Percy (Brigg and Goole) (Con): If the situation is as rosy as the hon. Gentleman suggests, why did my Labour council in north Lincolnshire increase the cost

of the young people's post-16 bus pass by 500% four years ago? Why did it have to increase council tax significantly at the rate of 12% over three years? Why have libraries been closed, and why have rural bus services been cut during the past five years—all under the Labour Government when things were so rosy? Does he not understand that part of the problem has been that, although more money came in, the Labour Government told councils such as mine where to spend it instead of giving them discretion to spend it on the services that they wanted?

Mr Betts: I have already said that I generally agree that councils should have greater freedom to make choices about spending decisions. In general terms, I welcome the power of general competence to give local authorities even more discretion. Having greater ability to spend but their resources cut is the ironic position in which most of them will find themselves.

Neil Carmichael (Stroud) (Con): I am from Gloucestershire, and I have been dealing with this matter with Gloucestershire county council. I echo the point made by my hon. Friend the Member for Brigg and Goole (Andrew Percy) that the Labour Government left councils in a bit of mess by being so prescriptive about areas where they should spend money. The great thing about the present Government is that we will introduce so much more flexibility. Total spending power for front-line services in my area has not been cut as significantly as the hon. Gentleman is suggesting.

Mr Betts: I have given the overall figures, and I accept that some areas have done slightly better than others, but all authorities throughout the country had real-terms increases under the Labour Government. I challenge anyone to come back with an authority that did not have a real-terms increase in its spending. Generally, I support that, and I will not defend everything that the Labour Government did. Ring-fencing should be reduced, and I did not agree with separation of the schools grant. The Government have not been willing to challenge that, or give school grant funding back to local councils. If we believe in the freedom for people to spend and choose priorities at local level, perhaps that should have been done. Equally, I am not terribly happy about the free schools policy. It could take money out of local authorities and separate it from the system.

I support allowing local authorities more control over general Government spending in their area—the "total place" approach. I am a little disappointed in the Committee budgets; they are narrowly focused and down to 16 authorities, and that point was made in the Communities and Local Government Committee. However, I welcome the comments made by the Minister of State, when he said that the Government would listen to proposals from local councils if they came forward with wider or more innovative ideas about how Government spending could be better dealt with, so that councils could take the lead as accountable democratic bodies. That was a helpful comment, and I hope that we will see good examples of councils coming forward, and that Ministers will respond positively.

Finally, I would like to look at housing. I welcome the Government's assertion that they will carry forward reforms to the housing revenue account. That places powers and responsibilities at local level, which is a helpful and welcome move. Local authorities will be disappointed—as am I—that they will not be allowed to keep all the receipts from any right-to-buy schemes, as they could under the previous proposal. I am concerned that the Government have the powers to reopen that settlement at any time. However, the Housing Minister has said that such a move would take place only in certain circumstances, and there is no general presumption that the Government would open the settlement without a reason.

I am concerned that the Government want to impose greater controls on local authorities' ability to borrow for housing purposes—that goes against the idea of localism. Are not the prudential rules sufficient? Why do further controls need to be brought in as part of the reform? That does not seem to run with the grain of localism promoted by the Government.

Paul Farrelly: My hon. Friend raises the issue of housing. Does he agree that in order to tide themselves over the transition, many councils will be forced to dip into their reserves? That will clearly have an impact on future income generation. In Newcastle-under-Lyme in 2006, after transferring the housing stock, the Labour party left reserves of over £40 million. Under the Liberal Democrat and Conservative local government coalition, those reserves now stand at £24 million. At that rate of spend, it looks as if the reserves will run out by 2012. There has been no satisfactory explanation of how that situation was reached, or of whether council tax payers have gained value for money. Even though the council has been prudent in dealing with its housing stock, it could face having no reserves to dip into in order to tide it through a transition when the cuts are made.

John Robertson (in the Chair): Order. Interventions should be kept a bit shorter than that.

Mr Betts: It is a difficult issue. The Minister will say, "Look at all the reserves in local government. They can help mitigate the cuts to services." They can, but reserves run out; they are spent once and cannot be spent again. During ongoing reductions in spending, reserves can help a council through a problem, but they will not permanently deal with it. Furthermore, reserves are not equally distributed and often they are found in authorities that have made housing stock transfers and have a big dollop of money from that. Some of the reserves cited come from schools and are held at the centre by local authorities, some are housing revenue account reserves with a specific use, and some are needed for the cash-flow issues that councils face on a day-to-day basis. The reserves may help during the first year, but they are not a permanent solution to the cuts.

We know that capital spending on housing will be cut by half in the spending round. We have not been building enough social housing—or enough housing as a whole—in this country, and we can argue on another day about whether the proposals for the new homes bonus and the planning changes will help or hinder that. The Communities and Local Government Committee will produce a report on that issue in due course. Nevertheless, spending will be halved and after the existing commitments to build houses at current rent levels are met, there will be no central Government funding for houses other than those

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with rents that are linked to market rents—that does not necessarily mean 80% of market rent, but means rents that are linked to the market in some form. Those higher rents will help provide money to build new homes in the future. However, 150,000 new homes will not deal with the waiting list, and of those, any new starts will not have rent levels that many people can afford. That is the real problem.

The decent homes funding is also going to be cut. From the figures provided by the Minister, I calculate that the amount of money for decent homes over the next four years will be just over £1 billion, and the backlog of work still outstanding is around £4 billion. Therefore, it will be about 10 years—probably longer—before all council homes in the country are brought up to a decent standard. That is an awfully long time for people to wait.

George Hollingbery: Will the hon. Gentleman acknowledge the plans for flexible tenancies? They will allow more social homes to be recycled through the market place on the basis of need, rather than having homes allocated for 20, 30 or sometimes 40 years, to people who may not need them. Does he acknowledge the enormous pool of assets in the social housing stock, particularly in housing associations? Those could be leveraged in the market place more effectively than presently happens. Would he approve of that?

Mr Betts: There is a role for different approaches to the provision of housing such as intermediate market rents, more private institutional investment in housing, or links between housing associations and private institutional investors. Those ideas are interesting, and I would welcome them if we were building social houses at existing rent levels at the same time. My concern is that the Government are withdrawing from that. The other ideas are interesting, and in some cases exciting. I support those ideas, but not to the exclusion of money for social housing or of funds to get all homes to a decent standard. I am worried about that, and my overall concern is that we are approaching a housing crisis. Levels of homelessness will rise as unemployment increases. It is not only a matter of Government funding being cut; it is about mortgage availability. With increased deposit levels, young people are not able to get on the housing ladder at present.

Mr Stewart Jackson: I hear what the hon. Gentleman says about the availability of housing. However, in a period of substantial economic growth, the previous Labour Government managed to build no more homes over the course of each year than were built in 1926. That seems faintly unbelievable. Despite the Rugg review of the private rented sector, the Treasury never produced realistic proposals on real estate investment trusts, which have had great success in Europe and north America. The previous Government had the opportunity in a growing market to look into such trusts and remove the fiscal and legal impediments to grow that market. They failed to do so.

Mr Betts: I am not going to defend the level of social housing building by the previous Government; I do not think that it was adequate and I have said that many times in the Chamber and in Committee. A lot of the things that the Labour Government did, including the decent homes programme, were good, but we ought to have built more social housing. I am not sure that the Government proposals will address that matter. There is effectively a total withdrawal of funding from social housing as we know it, so that does not address the reasonable criticism made by the hon. Gentleman.

We should perhaps look harder at the tax and other impediments to real estate investment trusts. They are a good idea. Yesterday, I met with organisations that seek a more direct way of getting institutional investment linked to people who may want to part rent, part own houses. Is the Minister willing to meet a delegation to look at that? Some interesting ideas ought to have cross-party support.

I am sorry for taking up so much time, Mr Robertson, but I have tried to take interventions. My questions for the Minister are: why are local governments taking cuts that are well above the average for other Departments? Why is such front-loading necessary? It creates particular hardships, as councils up and down the country are explaining. The cuts have been large and fast. Is that why the Government have not been able to make them fairer, meaning that they hit poorest areas the hardest? If changes are made to eligibility criteria for social care, if libraries and sports centres are closed and if bus services are withdrawn, will it not be those suffering the greatest deprivation and need who are hit hardest? Is it not likely that the housing crisis that is looming large will be worsened, not helped, by the Government's measures?

Those are my questions, and it is probably appropriate to end on them. I am sure that the Minister will have positive and good things to say in answer to all of them, although whether I totally agree with him remains a matter for doubt.

3.9 pm

Mr Stewart Jackson (Peterborough) (Con): It is always a pleasure to serve under your chairmanship, Mr Robertson. Today, we have the opportunity to pay tribute to the Government, as you would expect me to, Mr Robertson, for being imaginative and innovative within the confines of the comprehensive spending review and for seeking to engineer a paradigm shift based on a philosophical underpinning of decentralisation, localism and the devolution of power. The Localism Bill, which will have its Second Reading next week, does not take a slash-and-burn approach to local government. Nor, incidentally, is it a refutation of everything that the former Labour Government did before 6 May last year. There is a general consensus that the current Government are in favour of what the hon. Member for Sheffield South East (Mr Betts) called a drive for transformational local services.

I am a glass-half-full kind of chap, so I see the Government's measures as an opportunity to drive forward localism in the context of the big society. That concept is, I admit, misunderstood, not least by some in my own party, but it chimes with some of the issues that the former Government were talking about before they lost power. In the previous Parliament, I sat through the Committee stage of the Local Democracy, Economic Development and Construction Bill, which had come

from the House of Lords. As hon. Members will know, my colleagues and I did not oppose every aspect of that important Bill; it was a bit of a spatchcock Bill, but we supported certain measures because we thought that they were going in the right direction by devolving power and responsibility to individual councillors and officers. One such measure was multi-area agreements and another was leaders boards, which could be seen as fledgling local enterprise partnerships.

I have always been a bit unfashionable among members of my party in that I have—*[Interruption.]* I am getting sedentary interventions from my hon. Friend the Member for Brigg and Goole (Andrew Percy). I have always been quite in favour of at least looking at city regions as super local enterprise partnerships and as a vehicle for driving regeneration, and it is important that we continue to debate that. I am talking not about reconstituting metropolitan or non-metropolitan county councils, but about having bodies with real resonance. Local enterprise partnerships go some way in that direction on key issues such as post-16 education, public health and strategic transport.

Andrew Percy: I thank my hon. Friend for allowing me to mention the local economic partnership for the Humber region in the Minister's presence. A huge argument is going on between our four local unitary authorities—the estuarial authorities—which seem unable to agree with businesses about the need for a Humber-wide economic partnership. We need such a body for the simple reason that it would, just as my hon. Friend says, represent the sub-regional unit, as opposed to the area defined by the more historic boundaries. I thank my hon. Friend for allowing me to make that point once again to the Minister.

Mr Jackson: I am always happy to facilitate an advertising break for Yorkshire and the Humber, as I am sure the Chairman of the Select Committee, the hon. Member for Sheffield South East, would be. In the previous Parliament, a report published by the Local Government Association found that the specific argument against regional development agencies was that they had not overcome the differences in economic growth within or between their areas, and work by management consultants Ernst and Young also found that.

The philosophical underpinning for local enterprise partnerships is that we recognise that there are very local economies. Even in an area such as the north-east of England—I am mindful of the need not to go off the point too much, Mr Robertson—there is a quantum difference between the economic issues that inform decisions taken on Teesside and those that inform decisions taken in Tynemouth, north of Newcastle or in Stockton-on-Tees. Even within that area, there are sub-regional economies, so I think we have made the right decision on local enterprise partnerships.

I want to talk now about the less than benign fiscal climate that we face. I think we will have a mature and grown-up debate today, but it is worth saying that Her Majesty's Opposition committed themselves to a 20% reduction in local government funding. If members of the Labour party in Parliament and beyond are not going to make that reduction now, and given the Minister's very good point about the Office for Budget Responsibility having looked at the net reduction as a function of local authorities being able to recoup funding in a way that the Ministry of Justice, for instance, cannot necessarily do, the question is what core services Labour party members will cut.

We have had a lot of lectures from the Labour party recently about local government cuts, so let us look at one example: Durham county council. The unitary authority there will see its formula grant reduced from £263 million to £235 million. We should bear it in mind that Surrey county council, for instance, will see its grant reduced from £178 million to £152 million. Durham seems to find enough funds to spend £3.73 million on communication. It has five diversity officers, four European officers, two climate change officers and an undisclosed number of staff working full time for trade unions. It has also refused to say how much its chief executive is paid. Funnily enough, it is sitting on £93 million of reserves. If I can be slightly partisan, my colleagues and I will accept lectures about the impact of cuts only if all the alternatives to cuts are being pursued.

Chris Leslie (Nottingham East) (Lab/Co-op): I assume that the hon. Gentleman is proud to be giving a £1 billion cut in corporation tax to the banks in the coming year. That is value for money, is it?

Mr Jackson: I am mindful of the fact that the hon. Gentleman has great expertise as a member of the shadow Treasury team. That is true not least of local government issues, because he and I sit on the board of the New Local Government Network. However, to pick up on the exchanges at Prime Minister's questions yesterday, the former Government's lack of effort and application speaks volumes about how imperative they saw the need to deal with that issue.

James Morris (Halesowen and Rowley Regis) (Con): Is not my hon. Friend's real point that although we hear a lot from the Labour party about the unexpected depth of cuts, preparations have been going on in local government for at least two years in the expectation that fundamental change would come along the line, irrespective of the party that was in government?

Mr Jackson: Absolutely. Credit where it is due: authorities of all political colours were mindful of the fact that, whichever party was elected, there would be a reduction in the revenue stream because of events in the world economy and the financial collapse. We should also mention the three pillars of the previous Labour Government's economic policy. One was house building, which, as we have seen, did not work out too well. Another was unlimited public expenditure without proper reform. The third was financial services. I am afraid that all three pillars crumbled, and we are now having to pick up the bricks and mortar left by the parlous economic mismanagement of the elusive right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown).

That is the situation that we face. Let us remember that we are now paying £120 million a day in debt interest. In September last year, we were borrowing £15.6 billion a month. During the same month, interest payments on borrowing rose to £2.3 billion, up 150% on the same period in the previous year. Indeed, at the present rate of borrowing, had the Government not taken the decisions that they did, Government debt as a

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percentage of gross domestic product would peak in 2014 at 70.3%. We would be in the Portugal, Greece, Iceland and Ireland ballpark. For the Opposition to say that the Government should not have taken the decisions they took in the emergency Budget and comprehensive spending review is extremely irresponsible.

To move on to the issues about local government, the CSR is an opportunity for local government to scrutinise spending, make financial savings and redesign the way it provides services. It is also a challenge for local authorities to consider not only the costs of services but their value to communities. The CSR is pushing councils in the direction of being more innovative and involving the private sector, the voluntary sector and business sectors—I shall talk about some practical examples of the big society a little later—in a dynamic and intelligent use of resources. Removing the ring-fencing of grants, and the aggregation of grant funding from 90 income streams to 10 is exactly the right way to do things. I shall talk later about some of the additional funding issues that will give sustenance to local government in looking to the future, when the economy begins to grow and we have reduced public sector debt, such as the regional growth fund, the new homes bonus and, of course, early intervention grant. All those are extremely important.

As the Minister said, we are facing a net reduction of 26% in real terms between now and 2015, but the likely reduction estimated by the Office for Budget Responsibility is 14%. Of course that is speculative because we do not know the level of the income streams, and how each council will innovate to maximise income and assets. The Localism Bill contains good news for councils about their ability to exert more control over assets and share community assets with local people. My local authority is involving the private sector. Peterborough's core front-line services, such as street cleaning, recycling, grounds maintenance and household waste, will be handled by a preferred bidder, Enterprise Managed Services Ltd. That is an example of a local authority that is innovating, and that has in recent years been thinking hard, with a business transformation team, to prepare for less than benign financial circumstances.

I was an Opposition Front-Bench spokesman on Communities and Local Government, and I want to think about areas that could have been examined, but were not. Fire control was an utter shambles. The predecessor of the hon. Member for Sheffield South East as Chair of the Select Committee, the sometimes fearsome Dr Starkey, was pretty straightforward and robust in her analysis. It was a financial, management and political disaster on many levels. It was bad. Now, because the Government have bravely picked up the baton of dealing with that issue, local authorities are being forced to think in innovative ways. They were doing that before, anyway. I visited Wiltshire and Swindon fire authority, in the constituency of my hon. Friend the Member for North Swindon (Justin Tomlinson), 18 months ago. The authority was already working with Vosper Thornycroft and with Avon and Gloucestershire on such things as premises, training and vehicle maintenance. The CSR will, I believe, be a catalytic change, so that fire authorities can do that. It will spread throughout payroll, human resources, senior management training and that kind of thing, and we will all agree with that.

One of my responsibilities in opposition was to think about the Thames Gateway. If ever there was an alphabet soup of shambolic mismanagement, it was that—100 separate bodies receiving grant funding, and about 120 statutory consultees. It was the Schleswig-Holstein question of local government. Anyone who understood the Thames Gateway was either mad or dead. I was neither, and did not understand it. That is now being subsumed into mainstream funding.

I want to talk about tax increment financing. One of my criticisms of the Government is that although they talk about it, they are not as yet persuading their Treasury colleagues to buy into the concept of supporting it practically. For want of a better expression, invest to save: with a little bit here there will, further along the line, be a lot. That will be a catalyst for building local economic regeneration and renaissance. I am still not convinced that the Treasury is fully committed to that, in the same way it was, incidentally, to other initiatives of the Labour Government in the previous Parliament.

I have already talked about ring-fencing and the general need for fiscal consolidation. I believe that the issue of targets and ring-fencing gives an important message to local government that we believe in localism. The power of general competence is an enormously important message to local government about civic renaissance, civic pride and putting local people in the driving seat. I am mindful of the fact that the Labour Government promised that in 1997. For some reason—I do not know why—it was not delivered. I think we can all agree that trusting local authorities, which is what the enactment of the power of local competence will achieve, will give councils of all parties that strong and powerful message. I suspect that in the next two or three years there may be a few more councils of the party of the hon. Member for Sheffield South East than of mine—but no names, no pack drill.

Of course the Bill also contains a duty to co-operate on infrastructure. That is important for a facilitation of strategic partnerships with primary care trusts and other larger and smaller local authorities. There are local authorities in west London sharing chief executives, and some smaller local authorities—South Holland, and one in Leicestershire, but I forget which—are also doing so, with a significant revenue effect.

Bob Blackman (Harrow East) (Con): Will my hon. Friend give way?

Mr Jackson: I am happy to give way to my hon. Friend, who has great experience in local government.

Bob Blackman: Does my hon. Friend agree that, although the sharing of services and offices is being talked about adequately, what is not being put forward or debated is the question of councils coming together to use their buying power in the market, rather than getting into a reverse auction in which they compete to buy services, and must pay more than they would otherwise have to?

Mr Jackson: My hon. Friend makes an astute point. In fairness, one interesting success—my hon. Friend the Minister may not agree—was the Firebuy initiative. It was mixed, admittedly, but the model was that, in the procurement of equipment for the fire service—whether

helmets, appliances or other kit—instead of the authorities making 46 pitches and carrying out 46 tests and experiments, there were economies of scale and purchasing power. It never quite worked, but I think it was on the right track. No doubt the Minister will consider my words when he thinks about the future of Firebuy. However, my hon. Friend the Member for Harrow East (Bob Blackman) is right that that side of local government function has not worked as well as it could and should.

Local government makes a massive impact in local economies in terms of people who work for local government and people who contract with local government. In fairness to the present Government, throwing open the contracting process, the tender process and the purchasing process in terms of who makes the decisions and what value judgments they make on what they are buying is being looked at by the Minister of State, Department for Communities and Local Government, my right hon. Friend the Member for Tunbridge Wells (Greg Clark) and by others, including, I think, my right hon. Friend the Minister for the Cabinet Office and Paymaster General, to revolutionise transparency and openness in local government, so that we know why it costs £400 for every 1,000 wheelie bins in Reigate and Banstead but in Windsor it costs only £250. People have every right to know that in this age of transparency. After all, if they know how many toilet rolls that the Member of Parliament for wherever is buying for his office, they should certainly know about and care about how their money is being spent on key services, although God help the concept of the Independent Parliamentary Standards Authority being involved in purchasing in local government.

Mr Betts: It would treble the cost, probably.

John Robertson (in the Chair): Order.

Mr Jackson: We could rely on it, though, to have a very well paid communications officer to explain to us why that was the case.

I am also slightly worried about community budgets in relation to early interventions. We need to roll that out across the country. There are substantial issues of economic and social deprivation in many parts of the country. Sixteen projects is good, but we need to draw on the lessons from the work by my right hon. Friend the Secretary of State for Work and Pensions and by the hon. Member for Nottingham North (Mr Allen) on early interventions. The hon. Member for Nottingham East (Chris Leslie) will know that his colleague has done a fantastic job in raising the profile of early interventions. We need to take forward some of the work that he has done.

Following on from that, we should be cognisant of the work that the Dilnot commission is doing on social care, because that will inform the Government's position with regard to the £2 billion boost to social care funding. We are sitting on a demographic time bomb. There are things that we need to be doing in preparing for the number of over-85s doubling in the next 20 years, for instance. Ministers need to be working across Departments to ensure that those demographic changes are reviewed and reflected in the grant, particularly for personal social services.

As for social housing, the hon. Member for Sheffield South East and I have had a rather party political debate. To be fair, I pay tribute to the right hon. Member for Don Valley (Caroline Flint), who issued the rallying cry about tenure. She was royally slapped down by most people in the Labour party, but she was brave enough to mention tenure reform while in government. We must have that debate, as my hon. Friend the Member for Meon Valley (George Hollingbery) said, because it cannot be right that those who need housing most are not necessarily the ones who are prioritised, because of the existing tenure culture.

I see things in a very positive way, because I think that the linking of market values—80% of market values—to the provision of social housing will create significantly greater income streams for registered social landlords, to deliver not just social rented properties but intermediate housing, particularly key worker housing, which is very important in my constituency, and shared equity housing. So many local authorities and so many cities and towns in our country, particularly in the south and midlands, face the issue of the huge disparity between what working people can afford and the price and availability of mortgages.

This is a side issue, but I really hope that the Financial Services Authority keeps in mind the needs of first-time buyers and the availability of mortgages in its mortgage market review. I pay tribute to my right hon. Friend the Minister for Housing and Local Government, who met representatives of the FSA the other day to make the point that it should not be unduly prescriptive and prevent young people in particular from getting on the housing ladder. Developers and house builders are a major part of all our local economies, and for the sake of the country, we need that market to improve.

That is obviously part of the comprehensive spending review, but I will resist the temptation to meander down the path of having a full-blown debate on housing. We are not a million miles apart in many respects, although we have had some disputes about housing benefit and related issues.

It is a pretty stark statistic that in 1970, about 20% of people who lived in social housing were not in paid work, whereas now the figure is not far off 70%. It cannot be right that in the sixth biggest economy in the world, we are embedding welfare dependency in social housing. We need to break up the mono-tenure culture of social housing, because to leave millions of families, including millions of children, in the twilight world of welfare dependency and poor housing is immoral. That is why, if the Government do nothing else, they must tackle welfare dependency, poor housing and the other related issues.

We need to have a bigger debate, and I hope that the Select Committee looks at the bigger debate, about the fiscal autonomy of local government. A very interesting document was produced not that long ago by the TaxPayers Alliance. It is not always friendly to Members of Parliament, I have to say, but it does produce some very good documents, and one was about the fact that we are the most centralised country, as between central and local government, in the developed world. Well under 20% of local authorities' revenues come from taxes that they raise themselves locally; the average for Britain's G7 competitors is more than 60%. This is the key point: the countries with the most efficient public sectors are all much less centralised than the United Kingdom. According to the European Central Bank, the United States, Australia,

[Mr Stewart Jackson]

Japan and Switzerland enjoy an average efficiency lead over Britain of 20%. If Britain could match that efficiency level, spending could be cut by £140 billion with no diminution in the standard of public services.

The Treasury needs to consider that challenge. If we are not just talking, going through the motions, shadow-boxing and engaging in rhetoric about localism, trust and a renaissance of local government, we need to be thinking in the local government review about providing real power in terms of asset-backed vehicles, tax income and financing and other fiscal measures—for instance, the issuance of municipal bonds for bridges, community centres, street lighting and so on.

I do not always agree with my local authority on everything, but it has set up an asset-backed vehicle called the Peterborough development partnership, because it realised what the position was. Mine is a new city, and the Peterborough development corporation ceased in 1988. We simply cannot refresh and renovate all our infrastructure, which was built between 1968 and 1988 by the Peterborough development corporation, without accessing private capital through an asset-backed vehicle. It is vital for the Treasury to understand that and to make the requisite changes in policy in the course of this Parliament.

To finish, may I say a little about the big society? It constitutes a great opportunity and a paradigm shift for local authorities. I draw the House's attention to a project in my constituency that is not necessarily linked closely to local government, but is nevertheless an exemplar: the St Giles Trust social impact bond at Peterborough prison. The charities involved will receive 46% of the indicative revenue funding to keep a prisoner in prison for a year if they keep that prisoner away from recidivism for a whole year. That is a good example because it gives a fiscal incentive for the charities to do that and it is good for society and good for the prisoners. We need to think more about such initiatives.

An example more closely linked to local government is that of Sandwell Community Caring Trust in the west midlands. That charitable trust has significantly reduced, for instance, staff sickness and the cost of delivering personal and social care, particularly to elderly people. It has been so successful that in 2008 it won the contract from Torbay unitary authority to do its social care. The trust is using the assets in the public realm to deliver more cheaply than local government. I do not see that it is a challenge for local government to work with such organisations; it is a question of square pegs for square holes. Local government is better at some things than others.

I pay tribute to my hon. Friend the Member for Dover (Charlie Elphicke) and his people's port campaign in his constituency. It is an example of something that was going to slip from local and national control to an international consortium, which would have had little feedback from and interaction with people who care about the local area and the regeneration of the port of Dover, and in the long term, about the viability of that economy and that town. It helps to have Vera Lynn launching your campaign. I think she can sing better than my hon. Friend. That campaign is an example of people working together along the model of the big society.

The Minister will no doubt refer to the Localism Bill, in which we will see on Monday the right to challenge, to take over assets and encouragement for communities to run what the local authority may not want, or have the financial resources, to run. That is the bigger picture about tackling the concept of asset inequality, because, whether we like it or not, too few people control assets. I am very proud to say that my party ameliorated that in the 1980s with the right to buy, which was a wealth transfer to ordinary working people of assets to give them control over their lives. It was one of the best policies, if not the best, ever put forward by a radical, free-market supporting Government in this country. It gave people, and their children, a stake in their futures and their communities. I will never resile from the fact that it was positive. I see that and the growth of mutualism as positive developments in the Localism Bill. This Government, in many respects, is most radical on those issues, as with their welfare changes.

I am delighted to participate in this debate. The Opposition need to move on from the paradigm that more money will deliver better services. They need to understand that that model has been tested to destruction. There is a new model. It is important to take the best of what has been done before, under both Governments, but principally to trust local people in our communities and their elected representatives. They have the capacity and the commitment to deliver the goods for local communities now and in future.

John Robertson (in the Chair): Order. Before we go any further, may I say that the two contributions we have had have been somewhat lengthy—well over half an hour in each case? If that were the case for the next few speakers, they would be all who would be allowed to speak. Would Members please look at the time? I intend to call the reply from the Committee at quarter to 5 and then the summing-ups. You have an hour between you, so you can work out how long you should speak for.

3.43 pm

Chris Leslie (Nottingham East) (Lab/Co-op): I shall be extremely brief, Mr Robertson, not least because I gather that a Division in the House is expected shortly. I respect the hon. Member for Peterborough (Mr Jackson) in many ways for his contribution, but he may need to look again at his "glass half full" strategy. I suspect that if he has been drinking anything, it will have been the poison in that glass, which has, perhaps, tainted his bloodstream and given him a false sense that local government can skip off into the sunset and cope with a mere wrinkle in its financial settlements. I am afraid that the veneer of normality affecting local government as a result of the spending review he describes masks an enormous near-Armageddon scenario facing local public services, particularly in my constituency in Nottingham.

It is especially cruel that this finance policy should be cloaked in the guise of localism. As a localist, I find it difficult to see anything being devolved other than the axe slashing at public services. I would almost prefer it if the Secretary of State and the Chancellor of the Exchequer were simply to admit straight and up front that they are shifting the burden of public expenditure reductions to local authorities because that way they can get away with the harshness of the impact on public

services more effectively. That the Government pretend that this is within the paradigm of localism shocks me.

First, I want to comment, from the Nottingham perspective, on the brutally regressive nature of the settlement for my constituents. It is appalling that the debasing of area-based grant and the abolition of the neighbourhood renewal fund will see a cut of more than £55 million affecting my city. If we roll in any number of other changes, such as the £4 million cut in the concessionary fares grant, the reduction, even with some of the social care uplift, is about 16.5% in one financial year. That is the loss of a phenomenal amount of money for that community.

Alison Seabeck (Plymouth, Moor View) (Lab): Is it not the case that one budget that has been particularly badly hit in Nottinghamshire is Supporting People?

Chris Leslie: Indeed, which brings me to my second point—more quickly than perhaps I wanted, but it will help the debate. In Nottingham, the Supporting People budget in particular is falling from £22.3 million to £12.4 million. In correspondence the Minister said, "Well, you can't really tell what's happening to Supporting People because we've rolled it into a formula grant as part of our localism strategy". However, we can discern in the formula grant from the fifth block—"Grants Rolled in Using Tailored Distribution"—that the amount of money is falling, and it is the fifth largest reduction in England. Nottingham has some of the highest levels of vulnerability, homelessness, teenage pregnancies, alcoholism—any number of problems that the Supporting People budget should be going towards—so it is incomprehensible that the formula should be skewed in a way that hits our city with the fifth greatest reduction.

Thirdly, we should look more generally at the specific grants. I have to challenge the Minister to justify, if he can, the table of statistics that has come from his Department, which the Library has confirmed. It shows that when it comes to the allocation of specific grants, the most deprived local authorities—the most deprived decile, which is the top 10% of deprivation—will see a minus 12% settlement, but the wealthiest 10% of local authorities will see a growth in their specific grants of 24%. By any measure, a dispassionate observer would say that that is a regressive settlement. Hearing this spinology is a real kick in the teeth for vulnerable communities—trying to pretend that this is a progressive settlement, that everything is rosy in the garden and they should just go for a few more efficiencies or shared services. I am afraid that this is far beyond the good work that many local authorities, of all political parties, have been doing to improve local government and make it more efficient. In the past 10 years, local authorities have been the sector of public services that has driven the most efficiencies—far beyond those delivered by central Government. There is no recognition of that in the settlement—quite the opposite. They have been slapped in the face by the Secretary of State and it will be very surprising if some local authorities do not have severe difficulties setting their budgets.

There are other issues about the fire service in Nottinghamshire having to cut 36 fire engines to 30. There are big issues of safety and other questions within the Department for Communities and Local Government budget, but I have made the simple points that I wanted to make. This is a regressive settlement. It is the harshest in history, and I hope the Minister will at least admit that, rather than trying to cloak the arrangement in the localism on which we should all be trying to agree.

3.49 pm

George Hollingbery (Meon Valley) (Con): I will attempt not to repeat points made earlier, in the interests of time.

There is no getting away from the fact that this matter must be considered in the context of the overall Government settlement, the overall level of spending across Government and the spending plans that we inherited from the previous Government. There was much muttering from the right hon. Member for Tottenham (Mr Lammy) earlier about how this was wrong, irrelevant and did not matter. The simple fact is that the right hon. Member for Edinburgh South West (Mr Darling) announced spending cuts of 20% in the Budget in March last year. The spending cuts announced by the Chancellor this fiscal year are 19%.

If we are to change the settlements for local government, if we are to change the timings—which are as important as the amounts, because a pound saved this year is one saved next and the year after—the Opposition have to make some effort to tell us what they would cut instead. I am a local government specialist; it is my area of expertise, if I have any at all. I spent 11 years in local government and very much believe in the worth of local government to local people. I understand that there are other services out there that will be cut if we get improvements. A simple question to the Opposition: what will they be? Here comes an answer.

Mr David Lammy (Tottenham) (Lab): May I remind the hon. Gentleman that this is a Back-Bench occasion? I know that he understands economics and will appreciate that in seeking to deal with our deficit, the pace at which we deal with it is pertinent, but so is the nature of the tax take. Therefore, there are decisions on tax about which Back Benchers would rightly want to make their views known. The position in relation to the banking levy is felt strongly by the Opposition. It is disingenuous to caricature this as solely a debate about cuts.

George Hollingbery: Plainly, this is not a debate only about cuts, and plainly it is an occasion for Back-Bench contributions. It should centre on the evidence given to the Select Committee. Those points were raised in the Select Committee, which is why I refer to them. I notice that the right hon. Gentleman did not answer the question; he did not seek to identify what else he would change. That is fair enough; he is not obliged to do so. However, I posed the question and it was not answered.

The Department has led from the front, and it is right to identify that. The hon. Member for Sheffield South East (Mr Betts), the Chair of the Committee, talked about a 68% reduction in spending within the Department. We have had a small debate this afternoon about whether that is the right number. I understand the point he made about the Department needing to identify exactly what money is being transferred down, such that the figure drops from 68% to 33%. In evidence to the Select Committee, the Secretary of State was adamant that it was 33%, and I think that at this stage we must take that as given. The number of directors general is being cut

[George Hollingbery]

from six to three; and the number of directors from 26 to 20 in the current year and 16 in the following year. That is a Department leading by example, and we should applaud that.

Considerable efforts have been made in the settlement to protect the most vulnerable authorities. Plainly, those authorities that receive the most grant are those that represent the most vulnerable people. It is a truism that in times of cuts and grants to local government, those that receive the most are likely to see the biggest cuts. We have to admit that that is the case. That is bound to be the case in absolute terms. The Minister for Housing and Local Government admitted such in his evidence. However, the Administration bent over backwards to try to mitigate the effect of those cuts. They would have been very much worse if mechanisms had not been put in place to damp the effects. We saw the new banded floors, the adjustment of the relative need formula and, of course, £85 million of transitional funding.

While there is a correlation in the graph produced by the Scrutiny Unit that shows that some of the most deprived areas will see the biggest cuts, the effect was hugely reduced by the actions that were taken. I do not think that in the circumstances the Government had any alternative but to reduce spending. Therefore, there was always going to be that effect. However, they have done as much as they possibly could to mitigate that effect.

Justin Tomlinson: Does my hon. Friend agree that not all cuts are bad? Those on fixed incomes or facing a pay freeze would welcome plans to freeze council tax and cut out any potential rises.

George Hollingbery: Of course I agree with that. There are plans, as Members will know, to freeze council tax in the current year, and money has been provided to do so. There are also many innovations that can be moved forward. It is a terrible cliché, but necessity is the mother of invention, and I hear a lot of extremely exciting plans to save money across local councils. I will return to those in a moment.

In evidence to the Select Committee the Minister for Housing and Local Government said:

"If most of your funding comes from the Government, rather than from other sources as a local authority, even if you take the most extreme measures, which we've taken by increasing the deprivation index and doing all those other things—three specific steps—you still end up in a position where spending power is reduced more in areas where the primary source of function is the taxpayer."

The Government admit that that is the case and huge efforts have been made to try to get round it. There is recognition of that in other parts of Government. The national insurance contribution holiday for small business start-ups applies to those areas of the country where there is more deprivation. Areas in the east and the south-east are specifically excluded from the NIC holiday. Therefore, we would expect to see a growth in new businesses in those areas that receive that stimulation. That is a substantial budget that should not be ignored.

To return to some of my local councils: Hampshire country council has lost £45 million of formula grant in distribution changes since 2003-04. Evidence to the Select Committee has shown that the grant per head in the south-east is about £375, and £700 or thereabouts in the north-east. Those of us who know about local government will understand that that is right. There should be less funding in the south-east. We are a wealthier part of the world, and that is to be expected. However, Hampshire will lose another £71 million of grant in the current year. To hear the leader of Manchester city council talking today about his cuts in budget as representing

"re-distribution of money from Manchester to more affluent areas"

in the south, beggars belief.

3.57 pm

Sitting suspended for a Division in the House.

4.12 pm

On resuming—

George Hollingbery: It is particularly galling that the leader of Manchester city council should say that. If we look at the raw figures we can see that Manchester is receiving £354 million this year for 480,000 citizens, whereas Hampshire is receiving £185 million for 1.3 million citizens. Although there are deprived areas of the country that need more money, we must look at scale.

I shall cut down my remarks quite considerably because a number of Members still wish to speak. Let me mention the plight of Winchester and of East Hampshire. I know that the Minister is aware of the issue of South Downs National Park funding and that he is meeting my hon. Friend the Member for East Hampshire (Damian Hinds) to talk about it. None the less, it is a difficult pill for East Hampshire to swallow. Hampshire county council, like many other councils from which the Committee has heard over the past weeks and months in our Localism Bill inquiry, is being very innovative and is undertaking an enormous amount of exciting work that will produce new ways of doing things across the piece.

It is interesting to consider what a reduction in service is. Is the closing of a library a reduction in service? It seems self-evident that it is. However, I am not entirely certain that it is. What if someone wants to run their library service in a different way? If they can close down libraries but, at the same time, provide a better service that offers more books to more people in the right place at the right time, is that a reduction in service? I am not entirely convinced that it is. There is a wider argument to be had here about what these changes may mean.

Mr Lammy: Let me say gently to the hon. Gentleman that a pensioner who uses their library not just as a place to get books but as somewhere to be warm and to have company might find very hard to swallow the idea that shutting it down is not a reduction in service.

George Hollingbery: I understand the right hon. Gentleman's point, but using a very large and poorly insulated building as a drop-in centre for elderly people seems a rather expensive way of providing social care. It is like providing post offices in rural locations as a social support network. If that is the service that the right hon. Gentleman wishes to provide, perhaps there is a different way of funding it that is cheaper and offers

better value not only to the citizens in the area but to the people receiving the service. I am not being flippant. I genuinely understand the right hon. Gentleman's point that such services provide wider benefits, but perhaps councils should think about how they provide their services.

The other day the leader of Hampshire county council made a useful point to me. Many councils make assumptions about what is important to local people. The leader was very clear that the council had to survey local people to find out what they wanted to see protected if reductions were required in front-line services. The results were very surprising. The obvious things that one would think were terribly important, such as roads, were not necessarily what people came up with. In fact—I welcome this—nearly everyone said that protecting services for the vulnerable was the thing that should be done up front and if that meant having a few more potholes, so be it.

I challenge councils to ensure that, when they reduce services, they understand what they are reducing and why, and find out whether their citizens think that they are the right things to reduce.

In November 2009, an article on the Total Place initiative in the *Municipal Journal* said that only 5% of all local spending was under the control of elected councils. So when we talk about substantial reductions in local services, through local councils, there is plainly some truth in it, but huge amounts more of Government spending go on in local areas than just what goes through local councils.

I will pass over the extensive evidence of innovation that we have had from councils across the country. As a Committee, we have been greatly encouraged by the fact that there is a lot of innovation. That will be further helped by the removal of ring-fencing, which will allow councils to spend more money in the way they see fit. Of course, the Localism Bill itself contains a large number of provisions that will make that easier, including the general power of competence, the community right to challenge, provisions for pay accountability, the transfer of community assets and the abolition of the standards board. Those are just a few measures in the Localism Bill that should help to reduce costs, increase flexibility and allow innovation.

In conclusion, this is a challenging time for local councils, and nobody who is interested in local government should pretend otherwise. Nevertheless, there are enormous opportunities out there to innovate. The ring fences have been removed and the gloves have been taken off for local councils; they can do things in different ways, but they must re-examine their services, look very carefully at what local people want and look innovatively at providing better services in newer ways that provide better value for money and are better tailored to their local areas.

4.17 pm

Stephen Gilbert (St Austell and Newquay) (LD): It is a pleasure to serve under your chairmanship for the first time, Mr Robertson. I will try to heed your earlier comments about brevity. It is clear to everyone here that local government has had one of the toughest settlements for many years. As we tackle the largest deficit in our peacetime history and face up to the legacy that has been left to this coalition Government, the sector will come under pressure. The hon. Member for Sheffield South East (Mr Betts) set out his perceptions of some of those concerns, but he failed to mention how big a role his party played in getting us into the position where some of these measures are necessary. There is no doubt that the settlement will be extremely challenging for local councils. However, there are some aspects of it that should be welcomed.

As my hon. Friend the Member for Peterborough (Mr Jackson) said, it is clear that the ministerial team has worked extremely hard to soften the impact of the inevitable impact of the spending reductions. Indeed the Department here in Whitehall is taking a significant budget hit, which will, no doubt, be keenly felt, but it is being done to ensure that as much money as possible can make it out to local authorities in the country. What is also welcome—the Chairman of the Select Committee acknowledged this—is the fact that £85 million of transitional funding will help the 37 authorities that would otherwise have seen sharp falls in their spending power.

Like most Members, I welcome the ending of the ring-fencing of most grants. I also welcome the new public health grant and the streamlining of other grant funding. The fact that there were more than 90 individual grants was clearly a symptom of the centralising, top-down, "Whitehall knows best" approach of the last Government. As a result of actions taken by this Government, councils will have more freedom to spend the money that they receive on the things that matter to the communities they represent, although clearly that will have to be done in the context of a very challenging funding settlement. It is my view—I hope it is shared by other Members in Westminster Hall today—not only that it is better that decision making happens at the most local level possible but that, in most cases, better decisions are taken at that level.

As my hon. Friend the Member for North Swindon (Justin Tomlinson) has already done, I welcome the Government's commitment to a council tax freeze. The fact that £650 million has been made available by the coalition to achieve that freeze in councils that opt for it will take the pressure off many hard-working families who are struggling to make ends meet.

However, I would like to put on the record my concerns about the possible impact of the spending reductions on three areas, particularly in view of continued increases in cost pressures. Those areas are housing, adult social care and flood defences, all of which are key issues in my constituency of St Austell and Newquay and I am sure in many other constituencies.

I fundamentally believe that Governments of all political persuasions have failed on housing policy. Today, 1.8 million families in this country languish on social housing waiting lists. If the first duty of any Government is to protect their citizens, in my view the second duty is to ensure that people are able to access decent, secure accommodation at a price that they can afford. I therefore welcome the Government's commitment to spend £4.5 billion on delivering 150,000 new affordable homes during the next four years, including £2 billion for the new affordable rent programme. Of course, that is not nearly enough but it is a vast improvement on recent years. Indeed, right hon. and hon. Members might be surprised to learn that this coalition Government will

[Stephen Gilbert]

be the first Government to make a net addition of homes to the social housing sector since 1979. The reform of housing finance, to give financial independence to council landlords, is also a significant step forward. However, I share the concern that the hon. Member for Sheffield South East expressed—

Alison Seabeck: I acknowledge the hon. Gentleman's point about net additions to social housing stock, but will he acknowledge that the reason there has been no net addition has been the right-to-buy policy? Under the last Conservative Administrations, twice the number of social homes were lost under that policy than were lost under Labour.

Stephen Gilbert: I thank the hon. Lady for her contribution. However, as she will know only too well, the reality is that under the last Labour Government there was a net loss of 43,000 social homes in 13 years. That is not a record to be proud of; it is a shameful record and I hope that she may be able to share some of the regret that her hon. Friend the hon. Member for Sheffield South East expressed when he said that he felt that the last Government had not gone far enough in tackling that problem. In fact, I was about to agree with the hon. Member for Sheffield South East again—I will try not to make a habit of it—by saying that I remain concerned that the Treasury will continue to retain 75% of receipts from future right-to-buy sales and I would appreciate it if the Minister could explain the thinking behind that approach.

I also want to take the opportunity to give a bit of a plug for the Department for Communities and Local Government. The Government's consultation on housing ends on Monday and I encourage Members here today and those who may be watching these proceedings to make their views known.

On adult social care, we know that the transfer of learning disability funding from health care to social care is being achieved through the introduction of a specific grant. All other funding related to adult social care has been rolled into the formula grant, including Supporting People funding. Also, a welcome £1 billion of extra funding for personal social services was announced in the spending review.

However, despite the measures that the coalition Government have taken to protect vulnerable people, Cornwall county council has decided to cut spending on Supporting People services by 40% and is pressing ahead with those cuts despite having healthy reserves. In addition to terminating several contracts completely, the council has written to providers of somewhere between 70 and 80 services, cutting the contract prices by 40%, and has given providers of the remaining 15 services to understand that they will be subject to similar cuts shortly. That is likely to lead to a massive hit for vital services that are provided to very vulnerable people, such as those provided by Cosgarne hall in St Austell, which is dedicated to the alleviation of homelessness among vulnerable and socially excluded people. Most of those services will find that hit difficult to absorb and some will find it impossible.

I do not pretend to be an expert in local government finance; indeed, I have yet to meet anybody who does pretend to be an expert in local government finance. *[Laughter.]* However, I have studied Robert Davies and Shehla Husain's letter of 22 December on the DCLG website, which explains the workings of the formula grant in relation to the Supporting People grant; and the settlement figures. From that, it seems to be the case that the amount of formula grant that Cornwall will receive for 2011-12 that is attributable to the Supporting People programme will be somewhere between £13.8 million and £14.3 million, which is almost no change on the figure for 2010-11 of £14.2 million.

In that context, the cut of 40% by Cornwall county council is utterly disproportionate to the change that the coalition Government have made to the council's funding. The savage cuts that the council are carrying out will deprive many hundreds of the most vulnerable people in Cornwall of the vital services on which they depend. I do not believe that that is fair. Indeed, it represents very short-sighted decision making, as money spent on supporting vulnerable people is likely to save money in the long run. Indeed, my right hon. Friend the Secretary of State has said on the record:

> "Most sensible local authorities will come to the conclusion that every pound spent on Supporting People is probably going to save them five or six quid further down the line."

I do not expect the Minister to respond to me today about whether I have correctly interpreted those figures; I stand ready to be corrected, because as I have said I am certainly not an expert in local government finance. However, I would appreciate it if he could take a look at the issue in Cornwall and drop me a line about it.

Finally, I want to mention flood defences. As Members will no doubt be aware, my constituency suffered from severe flooding just a few weeks ago. Following the Flood Water and Management Act 2010, a new grant of £20.9 million in 2011-12, rising to £36 million in 2012-13, will be paid to reflect the new responsibilities that have been given to local authorities. That is a welcome step forward. However, it seems that although the Government are giving with one hand they are taking away with the other. There will be a transfer away from the formula grant of £21.5 million in 2011-12 and £42 million in 2012-13, to reflect assumed savings on the maintenance of private sewers. From October this year, when the Act comes into force, those sewers will be the responsibility of utility companies.

The impact assessment for the draft Bill and the subsequent Act by the Department for Environment, Food and Rural Affairs calculated that local authorities spend more than £50 million a year on private sewers across various departments, including environmental health, technical services, building control, engineering, housing and planning. That assessment was based on a 2002 survey of only 12% of authorities, which supplied mainly estimated figures, which at the time even DEFRA advised should be used only as a guide. No local authority that I have been in contact with recognises the figures that have been used in DEFRA's calculations or agrees that their authority is spending anything like the assumed cost. There is very little clarity about DEFRA's base data or the methodology used to assess current costs.

Mr Robertson, you might wonder—indeed, you might wonder quite rightly—why I am mentioning that assessment in a debate about the Department for Communities and Local Government, but there is a clear implication for local government funding in the future. I hope that the Minister will ask his colleagues at DEFRA to revisit the

survey of costs to authorities, in order to get a better picture. In my constituency, we have quite clearly seen that the first responsive organisation is the local authority and we must ensure that it has the tools and resources not only to deal with floods after they have happened but hopefully to prevent them.

To conclude, there is no doubt that local government will face a challenging period now and in the next couple of years and it is more important than ever that this Government live up to their rhetoric on localism. I urge my hon. Friend the Minister to take heed of some of the concerns about front-loading of the proposed reductions and to look with vigour at the potential savings from place-based budgeting. There is much to welcome in the Government's approach to the funding settlement and the broader localism agenda, which in my view will finally take Whitehall out of the town hall. However, I for one am anxious that we get that approach right, both for local authorities and for the vulnerable people that they represent.

4.29 pm

James Morris (Halesowen and Rowley Regis) (Con): It is a pleasure to speak before you for the first time, Mr Robertson. As a member of the Select Committee on Communities and Local Government, I welcome the opportunity to speak in this important debate. In the spirit in which the hon. Member for Sheffield South East (Mr Betts) started the debate, I will reflect on some of the important realities of the settlement for local government.

As other hon. Members have said, this is clearly a challenging time for local government. I represent a seat in the metropolitan west midlands that straddles the Dudley and Sandwell metropolitan boroughs, and I know that both those local authorities are having to make difficult decisions about their budgets and priorities. There is no way around that. However, as other hon. Members have also said, the environment might be challenging but it is not unexpectedly so. Even if a Labour Government had been elected, significant cuts in local government expenditure would have had to be made. That is a point of context that must be made in order to inject some reality into the implications of the comprehensive spending review and its impact on the DCLG and local government. The spending review has presented the Department with a difficult series of choices; there is no way around that. The spending review and some of the evidence that we in the Committee have gathered raise interesting questions and present opportunities for local government.

Over the past 20 years, there has been an obsession with top-down performance management in local government. We must now move forward into an age of innovation and collaboration. One perhaps unintended consequence of the CSR is that it has focused attention on the funding relationship between central and local government, which we must examine rigorously, as it is clearly important.

The scale of the fiscal consolidation that the Government are undertaking and its impact on DCLG and local government has produced some welcome and important initiatives. Other hon. Members have discussed the removal of ring-fencing, which is a significant change to the financing of local government. The previous Labour Administration can be considered as a game of two halves. The first half involved a Prescottian vision of regionalisation and central control. The second involved an acknowledgment—other hon. Members have mentioned this; it is not a time to be particularly partisan—that that was the wrong approach and that we needed to move toward more flexibility in grant funding. Now we need to move forward to the next stage in that flexibility. It is not a trivial but a major change in the relationship between central and local government and in funding.

One consequence of the CSR is that a fundamental review has been necessary of the Department's costs. A 33% reduction in DCLG administrative costs has been announced, which reflects the changing balance of priorities. If we are moving toward a more localist future, DCLG must examine its central costs to see where administrative overheads and costs can be transferred out to the front line. That is an important recognition of the changing balance between central and local government.

As the hon. Member for Sheffield South East said, it is useful, practical and a positive move forward to view local authority funding in terms of the totality of local authority spending power rather than focusing merely on the totality of the formula grant. That way, we will get a true picture, especially considering some of the new grants coming forward into local government, such as in public health and adult social care. At least we will begin to get a sensible picture and a recognition that considering such spending power is a much more rigorous and important way to examine the total funding of local authorities.

Other Members have discussed funding for Supporting People. That funding has been relatively protected within the CSR. It has also been devolved. Again, that is part of a radical change. Central Government are giving local authorities much more discretion to understand the nature of their local communities and make decisions accordingly, which is to be welcomed.

One thing that has emerged from the Committee's deliberations—I stress this to the Minister; I have raised this point before on the Floor of the House—is that everybody who has observed local government, including me in my previous role as chief executive of Localis, the local government think-tank, would agree that the grant distribution process for local government is opaque and fundamentally flawed. Discrepancies arise not just between metropolitan boroughs, counties and shires but between metropolitan boroughs themselves. Nobody understands how it works. There are always disputes and special pleading. I welcome the efforts made to ensure that fairness is built into the settlement through banding and transitional funding, but however much we try to mitigate it, it does not change the fact that the process of grant allocation needs fundamental reform. We need a more independent and transparent process, and I hope that will emerge from the Government's review of local government resources and finance. It is fundamental to the future of local government.

The financial crisis and the tough decisions taken in the CSR create an opportunity. Crises are often catalysts for change in systems, whether biological, evolutionary or political and economic. That is no less true for local government today. The current pressure on local government, which we all acknowledge, is providing a catalyst for change. Across the political spectrum, local authorities the length and breadth of the country are

[James Morris]

taking seriously the challenge of a new environment in which innovation, particularly financial innovation, is central.

Alison Seabeck: The hon. Gentleman is making a thoughtful and well-informed speech. However, he mentioned innovation. Does he not share the concerns of Baroness Eaton? She said today:

"Local government will have to make cuts this year of around £2 billion more than we originally anticipated. This stifles the opportunities for innovation".

James Morris: I do not agree. Baroness Eaton is obviously doing her job on behalf of the Local Government Association, and she is doing it well, but I know from my experience as a business entrepreneur that having one's feet against the fire is a profound stimulus for innovation and transformative change.

The hon. Member for Sheffield South East said rather dismissively that a few local authorities getting together to share back-office services would not get us far. I agree that that will not plug the whole gap in certain contexts, but we must take the idea of shared services seriously. In my constituency, we are beginning to see partnership working across the political spectrum really deliver efficiencies and change, for example through new commissioning structures in local government. That must be the future, where local government does not take the role of the service delivery arm, but instead takes on more of a commissioning role. We need to look at new funding arrangements.

Mr Betts: The hon. Gentleman described my earlier comment as dismissive, but that was not my intention. I welcome savings that can genuinely come from sharing back-office services or chief executives where appropriate, but it might not be appropriate in all circumstances. Indeed, the same is true of sharing services not only between local authorities, but between local authorities and other public sector bodies. My point was that I do not believe that could fill a 9% gap in the spending power of an authority, which is also the point that the LGA is trying to make. The Minister said that no cuts in front-line services were necessary because all the savings could be found by sharing services; I was disputing that.

James Morris: I do not want to get into a debate on the definition of a front-line service, but I take the hon. Gentleman's point. Once we have gone through the period of retrenchment that is necessary to get the country back on a stable footing, the essential challenge in local government will be to maximise the potential for collaboration, efficiency and shared services. That could be through innovative relationships not only within local government, but importantly, across the whole spectrum of local public services. I urge the Minister to take forward the idea of community budgeting and the previous Government's work on Total Place, which I welcome, because my perception is that sharing the totality of public spending and of public services in the next wave of local government could deliver cost reductions and a much higher level of service.

The Committee reflected on a variety of evidence presented to us. It is a tough settlement, but one that presents a series of interesting questions and opportunities. It is a tough time for local government, but tough times produce change for local government, and many would argue that it is necessary change. The hon. Member for Sheffield South East touted the figure of 80% increases in local government spending under the previous Labour Government. It could be argued that public sector organisations need periods of retrenchment during which they can examine how their processes are operating. We might be looking at a period of necessary change in local government during a tough period of fiscal retrenchment across the economy.

4.43 pm

Bob Blackman (Harrow East) (Con): I will bear in mind your earlier remarks about brevity, Mr Robertson, and as this is the first time I have spoken under your chairmanship, I suspect that that will be measured the next time I speak under you. I do not wish to repeat what Members have said already, but I think that we cannot consider this year's local government grant settlement in isolation; it is not a one-year issue. We must look at it in the context of previous years and experiences.

I ran local authority finances for a considerable time before entering the House and have served in a position in which we received from a Labour Government drastically lower levels of grant, way below the rate of inflation and pegged every year for three years. Of the 32 London boroughs, 23 were on the floor and were receiving half the level of inflation year on year. That meant that local government had to be efficient and clear about how it would obtain its finances and run its services.

The previous Government often said to local government, "We'll give you a new duty and ring-fence the money." Slowly but surely, the money for the basic services was starved and the new duties and services were ring-fenced. The rationale was that the Government wanted to ensure that the money was spent in the areas where they dictated it should be spent. It was a centralised approach to running local government. Local authorities got used to area-based grants, which could be spent only on certain services, and to performance level grants, which could be spent only if performance against a complex series of assessments was achieved. I am delighted that in the current settlement, and, I hope, in further measures that the DCLG team takes, all that will be swept away. The ring-fencing will be removed so that local authorities will have the opportunity to determine local priorities.

An example from my experience that I would like to use is that of working neighbourhood funds. In the London borough of Brent, we set up and used the money specifically for the purpose of ensuring that unemployed people in Brent got jobs, and we were so successful that there was a reduction in unemployment. However, at the height of the recession the previous Government decided to remove all the money. A borough that had been successful and used the money appropriately lost the funding at a time when it was desperately needed, while those boroughs that had not succeeded continued to receive it—a great reward for our success. Actually, it was a great reward for failure elsewhere. There is a key issue that experience from local government has shown to be true.

As several Members have said, every local authority in the country knew that following the general election, regardless of which party won, there would virtually be

a public sector recession and that everyone would have to plan for reductions in expenditure. The two authorities that I know well—the one I used to serve in and the one that I have the privilege to represent part of in this House—had planned for a 10% reduction every year for the next four years, but fortunately they will not have to suffer that under the wise settlement that the Government have brought forward. I would say to any authority that did not put plans in place for expenditure reductions that have come down the line that it is no good complaining now, because they did not plan for a future that was almost certain. Local government must transform itself and the services it provides and look at doing things radically different from how they have always done them.

As has been alluded to, that is a direct challenge to many local government officers, but it is important to remember that that is part and parcel of the challenge that has been set down by central Government. I do have concerns, however, for example on what the London borough of Harrow is doing. It has decided to reduce its voluntary sector funding by 30%, decimating the people who deliver services for vulnerable people. It is an easy cut to make, but a short-sighted one, because the people who are being cared for by voluntary services will get worse more quickly and throw themselves on the local authority much earlier, which will be more expensive. It is a foolish way to approach the cuts.

In the other London boroughs—we see this right across the piece—proposals are being made to close libraries, day-care centres and various other services on which vulnerable people depend. With regard to library services, I take the view that libraries are more than just places where books are provided; there are computers there and facilities for vulnerable and deprived people who need the space to study in. When I was leader of the London borough of Brent, I remember being dubious about our plan to open a library on a Sunday for the first time, but there were queues of students at the door at 9 o'clock in the morning because they wanted to study. I say to every local authority that they should not cut such services, even though they seem to be easy cuts to make. They should examine other things before doing that.

Mr Lammy: The hon. Gentleman and I agree on many things, particularly our choice of football club. He is firmly on the centre ground, and I appreciate the manner in which he puts his remarks. Does he agree, when he makes his points as well as he has, that too severe cuts to crucial services could lead to huge costs downstream for local communities? I am thinking of policing costs, social exclusion, and cohesion. From his experience in Brent, he will understand where I am going.

Bob Blackman: I thank the right hon. Gentleman for that intervention. I agree that there is concern about the level of reduction taking place in local government funding. I recognise that that is a key concern, and also that it is possibly more front-loaded than other areas of Government expenditure. However, one of the things that has happened in areas of greater deprivation is that over previous years they have gained substantially in central Government funding and grant. That is why it is difficult to make comparisons year on year. They gained far more by having deprivation. Actually, studies show that deprivation has not reduced as a result of central Government funding, so has that been a good thing or not?

Naturally, as the Government have decided to change the formula and grant regime, areas of greater deprivation are experiencing greater reductions. That is, of course, a serious concern to local authorities that are experiencing it. However, certainly in my experience, the plan was there that that would happen. If they have not planned for it, they have been short-sighted, and that is serious.

In the time that I have available, I wish to mention a series of concerns, the first of which is about the suggestion of capitalising redundancies and some services. I was a great proponent of capitalisation—I thought that it was an excellent way of doing things—until the prudential borrowing regime came in. I urge caution, because if one capitalises expenditure, all one is doing is borrowing. One must fund that borrowing on the revenue account, which will probably lead to a huge amount of cost in the future, year on year, for a one-off payment. That is not a good plan of action at all, particularly at a time when we know that local authority funding will be reduced over a four-year period.

My second concern is about the consequences for the voluntary sector. It is easy for local authorities to reduce the voluntary sector slightly—it will not impact on the core services that they provide. Actually, that is a short-sighted view. I urge local authorities across the country to ensure that they safeguard voluntary sector services that are coping with the weak and vulnerable, and doing it cost-effectively. I suspect that in future years that very same voluntary sector will be crucial to delivery of services in the big society that we all support.

The next area of concern is visible services. There is an obvious thing that is often missed. Having been in local government for a long time, I know that when it comes to reductions, local government officers always come forward with what can only be described as the bleeding stumps. It is easy to say to councillors who want to reduce funding that they have to close this day centre, close this library, do this, do that. Never does one hear from local government officers, "Actually, we will reduce staffing by 10% in the administration area." I am not one of those who says that just by merging services and joining forces with another local authority the gap will be bridged, but at a time of great challenge, all those areas have to be examined and challenged, before one looks at the visible services on which the public rely.

The overwhelming majority of people who work in local authorities are on relatively low salaries and wages, and we should ensure that they are supported. However, over the past 10 years, there has been an absolute explosion in salary levels for local government officers, chief officers in particular. I, for one, am sick to death of reading almost weekly of a local authority chief executive or chief officer departing from one job with a golden goodbye only to walk into another local authority to do a similar job on a hugely increased salary. The excuse made for that across local government is that they have to pay more to attract the best people. I have no problem with rewarding experienced people who do a good job, but that has gone much too far in local authorities. Now is the time to examine those salaries, and I applaud local authorities that are reducing salaries rather than increasing them.

Mr Stewart Jackson: On that point, Manchester city council, which is by no means the largest bottom-tier authority in the country, has already been mentioned. Its chief executive earns £90,000 more than the Prime Minister. Does that situation not point to the fact that my hon. Friend's comments are absolutely right?

Bob Blackman: I thank my hon. Friend for that intervention. I have not done a study on all these things, but I reckon that virtually every chief executive of every metropolitan authority is probably earning more than the Prime Minister, and that is a serious concern. Is it right? There has to be a measure, because all the chief officers and those below take their lead from the chief executive. That is clearly a concern.

I also ask the Minister to consider seriously the fact that local authorities desperately want certainty over funding. I understand why the settlement this year is difficult, but I have had experience of a three-year funding settlement. Even though it was not too good, one was at least certain about what one would get. Planning for the future is all important, so a long-term settlement that gives local authorities knowledge about the funding they will receive for a multiple of years is something that we absolutely should put in place.

Other hon. Members have mentioned new sources of funding. I am afraid that I do not agree with the hon. Member for Sheffield South East (Mr Betts) on returning the setting of business rates to local authorities. I can imagine nothing worse for business people—they would quake in their shoes—than allowing people at town halls, civic centres and so on to set business rates that potentially could put them out of business in a big way. However, we have to move away from just Government grants, the council tax and the share of business rates as sources of income. We must accept the concept that we need other sources of money, and an attractive way of consulting people on what those sources should be.

We must also examine the Barnett formula, which has been in operation since the 1970s. The Labour Government did not do anything about it, nor did the previous Conservative Government. Lord Barnett, who set it up, has probably forgotten how it was developed. My hon. Friend the Member for Croydon Central (Gavin Barwell) has done a study of local authority funding over several years. It is bizarre how the formula grant has changed inappropriately—this is not a partisan point or a matter for authorities of particular political control. There must be a complete review of all the different indices for the formula so that funding is seen to be fair and understandable. At present, I do not believe that anyone could possibly understand it.

David Mowat (Warrington South) (Con): My hon. Friend mentioned the Barnett formula, and Lord Barnett's view on it. He does actually have a view on it, which he made clear at the House of Lords Select Committee on the Barnett Formula. His view is that it should be replaced by a formula that is much more needs-based than the current one. The consequence of the current formula is revenue misallocation in the order of £4 billion per year. That is £4 billion that does not come to the English regions but goes to Scotland and enables it to pay for things that we cannot have.

Bob Blackman: I welcome that intervention.

I also want to mention buying power, to which I referred in an intervention. I would also ask people to look at the creative use of reserves. In the London borough of Harrow in 2006, the outgoing Labour administration set a reserves level of £1 million, with unidentified savings of some £3 million. I would challenge that as an almost illegal budget, but it was allowed through under the processes. Across the country, there are some authorities that have huge reserves and others that do not have any. My view on reserves and balances is that they are money taken from the taxpayer almost as a form of theft, because they are not used for the benefit of services but are stored up for a rainy day.

Finally, there must be a fundamental review of housing finance in this country; the current proposals do not go far enough. We have to make it much easier for registered social landlords and other people to borrow money to build houses, to ensure that we get the properties that we need and homes for people.

To summarise, I have put forward a series of concerns and issues that are challenges for both local authorities and our ministerial team.

5.1 pm

Mr David Lammy (Tottenham) (Lab): I am grateful to the Backbench Business Committee for granting this debate, and I want to associate much of what I say with the comments of my hon. Friend the Member for Sheffield South East (Mr Betts), who is a good friend. I agree with a lot of what Members from all parties present have said, and I do not want to phrase my remarks in too partisan a way.

I want to talk about the impact of the cuts on the very poorest communities in the country, particularly those in London. As the MP for Tottenham, I know something about the issue. What has just been said about the sensitivity around cutting services for the most vulnerable too fast and too deeply is important, because there could be huge social consequences. I hope hon. Members understand that it is hugely important to talk about these matters and to reflect on the history of my constituency.

In representing Tottenham, I represent London's second poorest constituency. Cuts on this scale will have a huge effect, and there are authorities that are worried not just about the nature of innovation and about back offices and how they share services to make the savings, but about the profound effect on statutory services. Some of those services cut to the heart of the centrality of the kind of civilised democracy that we have to be. In relation to the London borough of Haringey, I am particularly worried that the front-loading of the cuts means that its financial settlement represents a far greater reduction than was expected. We have heard some comments about the preparation that councils could make for the changes, but there are authorities across the country that could not have imagined the scale of the in-year savings that they are being expected to make. Haringey's funding shortfall for this next year requires it to find £46 million of savings, and a further £41 million over the next two years. The loss comes on the back of the ending of the local authority reward grant, and of the funds from the Department for Work and Pensions for the future jobs fund and from the £2 million in the school development grant.

On the subject of the future jobs fund, my constituency has the highest unemployment in London. A debate is taking place outside the House on a bid for the Olympic stadium, which might involve the Tottenham Hotspur football club leaving the Northumberland Park ward in my constituency. The ward has the highest unemployment in London, and the biggest private employer might be about to leave. Who will pick up the mess if that happens? It will be Haringey council, who will have to step in to provide for the very poorest. Concern for the poorest is not unique to one party; it should be something that we all share. I make my remarks not in a partisan way, but simply to say that we have to think very carefully about the effects of the cuts as they are felt on the ground, and that is particularly important for a local authority that has seen some of the most significant failures in the protection of vulnerable children.

Over the past two years, Haringey has focused on securing improvements to its safeguarding children services, following the death of Peter Connelly and the widely reported problems with the safeguarding of vulnerable children. That has led, however, to Haringey becoming a borough in which 1.2% of all children under the age of 18 are in care—a huge 40% increase since March 2008. In December 2010—just last month—600 children were looked after by the local authority, and our rate per 10,000 was 123. Those figures represent a very high number of young people, and there is a cost attached to them, in particular if we are to ensure that children in care do not continue to come out of care with dire prospects in relation to social mobility, education and all the things that we have seen in this country's past. There is now a real concern that because of the huge effort to deal with the consequences of the Baby P and Victoria Climbié cases, the cuts will reduce Haringey council's ability to properly provide the statutory services that the country rightly expects.

I think it is right to say, and the figures will be published shortly, that the increase in the numbers of children in care is not just in the borough that has had the scrutiny—Haringey. All Members, certainly those who represent large conurbations, have experienced constituents coming to them and saying, "My children have been taken into care." We get both sides of the story, and we have seen an increase in the case load. When we see the figures very shortly, I think that right across the country we will recognise the huge consequences of that story from just two years ago.

George Hollingbery: The right hon. Gentleman makes a powerful and emotional case for the needs in his constituency and throughout his two boroughs. I have enormous respect and great admiration for that. But does he agree that in other areas of the country, which are more prosperous and where budgets are lower, the people who are being helped by those budgets are the poorest in those areas, and that the cuts are felt equally throughout the country whether or not there is more money going to a certain area?

Mr Lammy: I do not want to disagree with the hon. Gentleman, except to say that all local authorities have fundamental statutory services that they must provide. Children are in care in every local authority throughout the country, and local authorities cannot scrimp on services for those young people, and young people at risk of harm. Having seen that acutely in my constituency, I want to impress on the Minister—I do not expect a response on this—the need to look carefully at the situation in the London borough of Haringey and other local authorities, to ensure that the means to provide those services and the pressures of front-loading do not militate against those very high standards that they are rightly now being set.

I hope that the Minister appreciates—he will be familiar with the issues, but they have not been raised today—that as I represent an outer-London authority, it is right for me to raise the serious concerns that exist about homelessness and its costs, and about the decision that has been made on housing benefit, and the costs that are flowing from it. The London borough of Haringey also has the highest homelessness rate in London, with 5,000 people on the register as I speak. The consequences of the decision on housing benefit are already being seen in relation to where people are now being housed by local authorities such as Westminster and Camden, who are already saying, on the record, that they are now placing 70% of their homeless people in outer-London boroughs. That brings real pressure at a time of cuts, and it is not clear where those funds will come from.

I do not want to put this in unnecessarily extreme language, but I am deeply worried about excessive overcrowding in constituencies such as mine. One sees it in other European countries, and I do not want to see it on that scale in the city of London. These are statutory services that local authorities must provide, never mind the libraries and support for the voluntary sector, and it is not clear to my local authority how this will pan out, and where the funding will come from to meet these statutory obligations. Will the Minister say something about that, and about his liaison with his colleagues at the Department for Work and Pensions, given that it is they who have landed him, in part, with the problem?

A point has been made about the voluntary sector. I am deeply concerned about some of the services that are offered in cities such as London that involve close liaison with the Metropolitan police and mental health in particular. There are some very excluded communities in this country; there are young men in this country who present as extremely vulnerable, who are subject to extreme views. I might say that once upon a time, I was one of those young men. When I was growing up under a previous Conservative Administration, when things were tough and there were real pressures between the police and the local community, Neil Kinnock spoke to me sufficiently to keep me in the mainstream, and I was not seduced by some of the extremism that was around.

I hope the Minister appreciates that some of the services that fund some of the voluntary sector in constituencies such as mine, working in youth services and liaising with the Metropolitan police—the hon. Member for Harrow East (Bob Blackman) who has experience of Brent, will be familiar with such services—are absolutely crucial. The funding for a Turkish liaison officer who is working with some of those involved in the extreme gangland criminality that we are seeing in parts of that community is being cut. That funding, which came from the local authority, is no longer there to support that work with the police. I am very concerned about the consequences of that. Will the Minister reflect on other parts of the DCLG empire, and what that means for social cohesion?

Mr Stewart Jackson *rose—*

John Robertson (in the Chair): Order. Before the hon. Gentleman intervenes, I must ask the right hon. Member for Tottenham (Mr Lammy) to bring his comments to a conclusion.

Mr Jackson: Perhaps I could be so bold as to say that what kept the right hon. Gentleman on the straight and narrow was being educated at one of the best schools in the country—the King's school, Peterborough. Looking more positively at some of the changes that are about to take place, I believe that they will encourage faith and community groups into the public square to take on work and to work collaboratively with local authorities to tackle very difficult social issues, such as social exclusion, deprivation, homelessness and drug misuse. They have not done that hitherto because there has been an element of institutionalisation in those groups.

John Robertson (in the Chair): Will the hon. Gentleman please sit down?

Mr Lammy: I am grateful for all the help that I received in the city of Peterborough. It is a great city, but the hon. Gentleman will know too that it is a city with tremendous challenges, partly for the following reason. There are communities in Peterborough, as in mine, that do not have the necessary capacity. I am therefore very nervous about the springing up of wells in the "big society" and the expected support. Money must come from somewhere, which is why I spoke as I did.

I am grateful for the time that I have been allocated, Mr Robertson. I wanted to make three central points and I have done so.

5.17 pm

Alison Seabeck (Plymouth, Moor View) (Lab): It is a pleasure to speak under your chairmanship, Mr Robertson. To avoid misunderstandings, I should draw the Chamber's attention to the entry in the Register of Members' Financial Interests for the right hon. Member for Greenwich and Woolwich (Mr Raynsford), who is my partner.

I thank the right hon. Member for Tottenham (Mr Lammy) for seeking this debate, and the Backbench Business Committee for agreeing to allocate time for this extremely important matter. I commend the work of the Select Committee on Communities and Local Government, and the members of that Committee who have contributed today.

The debate has been wide ranging and well timed on the day when Manchester city council has had to announce 2,000 redundancies on the back of 1,400 job losses in Greater Manchester police as a result of the Conservative Government's decisions—they made the decisions. We have been reminded all too clearly of the immediate relevance of the cuts to people's lives, and to families throughout the country who will be watching the post every day for redundancy letters as the result of the cuts brought forward. I fear that Manchester will be the first of similar stories, which are tragic for the individuals and hard-working families involved.

George Hollingbery: Will the hon. Lady confirm that all the redundancies announced in Manchester today are voluntary, and that none is compulsory?

Alison Seabeck: Manchester city council said that it will try to achieve voluntary redundancies, but even those may be hard to bear, as I am sure the hon. Gentleman will agree. Manchester is one of the best performing councils in the country, despite being the fourth most deprived, and for years has worked to increase efficiency and to share back-office work with other local authorities throughout the region.

My hon. Friend the Member for Sheffield South East (Mr Betts), Chair of the Communities and Local Government Committee, made, as ever, a well-informed and well-argued opening speech in which he highlighted comments made during the evidence session. The Committee was clearly as bemused as local authorities are about the reasons and logic behind the CLG taking a 28% hit overall. I suspect that comments made by the Secretary of State, in which he indicated that he was prepared to pass on the pain to local councils, have never been gainsaid and I would be interested to know whether the Minister is willing to do that today.

My hon. Friend also raised the issue of business rates, and that was followed up by the hon. Member for Harrow East (Bob Blackman). If that policy is pursued, there is clearly a question about whether there should be some sort of redistribution. We also heard contributions from the hon. Members for Peterborough (Mr Jackson), for Halesowen and Rowley Regis (James Morris), for North Swindon (Justin Tomlinson), and for Meon Valley (George Hollingbery). They all showed experience, expertise and interest, and provided a thoughtful consideration of the difficult challenges faced by authorities across the country. There is clearly cross-party concern in some areas, and the Labour party would like to see further exploration of those issues. In some areas, however, the gulf between the parties is huge and difficult to cross.

The hon. Member for Harrow East spoke about the redistribution of reserves, and I would be interested to hear the Minister's comments on that idea. My colleague from the south-west, the hon. Member for St Austell and Newquay (Stephen Gilbert), said that he wanted Whitehall out of the town hall. That is a good sound bite, but his speech was slightly contradictory. He sought direct interference from the Minister in what Cornwall county council is doing with the Supporting People programme. He cannot have it both ways.

Stephen Gilbert: Will the hon. Lady give way?

Alison Seabeck: I will not give way at the moment; I may return to the hon. Gentleman later. He also raised genuine concerns about the future cost implications for CLG of the private sewer network. I urge the Minister to look at that; I thoroughly support what the hon. Gentleman was saying. Costs are coming.

My hon. Friend the Member for Nottingham East (Chris Leslie), who is sadly no longer in his place, touched on the Supporting People programme. He must wonder what the Secretary of State was thinking when he said during the evidence session:

"I'm glad you have noticed that we have protected Supporting People."

That is clearly not the case in Nottingham.

The comments of my right hon. Friend the Member for Tottenham (Mr Lammy) reflected a deep understanding of his constituency and the people he represents. Having

lived in Tottenham and worked in Tottenham high road for many years during the 1970s, I understand the area well. His point about the importance of local authority services to community cohesion cannot be ignored.

In the negotiations between Whitehall Departments and the Treasury, the Secretary of State simply did not step up to the crease on behalf of local services and the Government funds on which local people depend. Rather than try to work with councils, he tried to squeeze himself into the club with the Prime Minister and Chancellor by settling early, irrespective of the consequences on local services. *[Interruption.]*

Let me explain for the benefit of *Hansard* that there are chuckles in the room. That may be for the image of the Secretary of State squeezing himself in anywhere. However, I do not believe that he is interested in hearing what local councils think. Perhaps the Minister can tell us how many local authorities the Secretary of State has visited since taking on the job—I think it was five; just five out of hundreds. The cuts being brought forward to local councils are greater than in almost any other area of government. It is a shame that the Secretary of State did not take time out to listen to the concerns of local councils.

For months we were told by the Secretary of State and his ministerial colleagues that there would be no front-loading of cuts to local services; we were told that the Labour party was scaremongering. Shortly before Christmas, we saw the figures from the Minister's Department, and contrary to all the claims, the cuts were front-loaded. That will impact on front-line services. Although local authorities had pleaded for the cuts to be spread across the period of the comprehensive spending review in a way that would allow for the preservation of some services with a delivery model adapted to fit the funding cuts, there was only the cold reality of front-loading. That will see services halted, not transformed.

As I have mentioned, we heard from Baroness Eaton. She is a loyal member of the Conservative party and an experienced local government leader. She said:

"Local councils knew the cuts were coming"—

—that is true whether a Labour or a Tory Government were elected, and that point has been made by other hon. Members today—

"and had planned prudently to reduce spending over the coming years. We cut more than £1 billion from our budgets in the middle of last year, rolled up our sleeves and got on with the job."

That is what one would expect from local authorities.

"But the unexpected severity of the cuts that will have to be made this year will put many councils in an unprecedented and difficult position."

The Government are beholden to revisit that matter before coming to any final decisions on funding and they should consider those comments carefully.

The Secretary of State does not even seem to acknowledge the difficulties faced by local authorities from front-loading. He sees it as a virtue, despite the comments from Baroness Eaton. It appears that no one was listening to local people and their representatives. The Secretary of State said:

"I think that the amount of front-loading, as it exists—there is a fair bit this year and a fair bit next year—is very important to encourage local government to deal with this whole question of restructuring."

It is important that we remind ourselves what cuts to local services mean, and my right hon. Friend the Member for Tottenham made that point extremely well. The impact will be on adult social care for the elderly, day care centres, child protection, fostering and adoption, children's centres, the quality of local housing and a host of other areas. The cuts will result in real damage to the levels of service that people rightly believe they deserve when they pay their council tax.

It would be wrong to say that only the Labour party opposes the cuts—we have a coalition of our own against the measures. The Conservative leader of Bury council said:

"it is almost impossible to absorb such vast figures in the time that we have available"

and it is on the time and speed of what is being proposed that the Labour party most disagrees with the Government.

The Liberal Democrat former leader of Liverpool city council, one of the most deprived local authorities that will be among the hardest hit by the Government proposal, said of Ministers:

"Either they really do not know how serious the situation is that they have created...or they are deliberately trying to distract attention from the problems that they have created."

I ask the Minister: which is it?

As a result of initiatives by the previous Government, including Total Place where there were benefits of joint procurement, councils of all political colourings are already sharing back office functions. They are cutting executive posts and looking at executive pay. We all expect them to do that in the current circumstances. However, if every local authority cuts the post of chief executive and of every member of senior management, the money that would raise would not scratch the surface when set against the cuts that the Government demand from local councils. The argument about executive pay is valid; many councils have already addressed that and others will follow. However, when set against the lack of action on bankers' bonuses, the Government lose all credibility.

The situation in Manchester that has dominated the news today will be replicated. Ministers should stop taking the public for fools and come clean about exactly what the cuts will mean to local services. They must stop trying to wind up the public into believing that this is all about the salaries at the top—the public are not stupid and will see through that smokescreen. Once the cuts start to appear, they will know that it is not simply a question of executive pay.

The CLG response to the CSR has been weak in terms of the fight to protect services for the most vulnerable. The way that the cuts have been distributed across local authorities is unfair, and the way that they have been front-loaded is reckless. I look forward to the Minister's response.

5.29 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): It is a pleasure to serve under your chairmanship, Mr Robertson, and I will endeavour to encompass as much of this interesting, well-informed and wide-ranging debate as I can in the time available. I congratulate the Back-Bench Committee on selecting and nominating this subject for

[Robert Neill]

debate, and the Chairman of the Communities and Local Government Committee, the hon. Member for Sheffield South East (Mr Betts), on the thoughtful way in which he introduced it. He and I do not always agree about everything, but I never doubt his knowledge and interest in local government. I also pay tribute to that Committee; it does great work and a number of hon. Members who sit on it have spoken today.

Perhaps I can deal briefly with the background and then with some of the specifics in the contributions. I will not seek to make a lengthy issue of the economic background, save to say that it is the reality that no one can escape. In relation to the more partisan comments that were made, I have to say that it gives pleasure to no Government of any kind to find that they have to reduce the spending available for various services. However, as has been observed and, I think, accepted in varying degrees on both sides of the House, it was trailed well to everyone in local government and to the public that sadly, whatever the outcome of the general election, the country's financial circumstances meant that reductions in public spending would be necessary.

When the coalition Government came to office and saw the extent of the problem, they concluded, rightly, that swift action was necessary to reduce the deficit. Otherwise, there were real risks to the economic health of the country and to the country's international credibility. If that were not tackled and there were a serious economic downturn, which was a real risk, it would be an even greater threat to public services in the long term. A destroyed economy would make it all the harder to deliver the public services that we all want.

There may be a difference between us, but I say to those Opposition Members who criticise the speed and scale of the steps that we have taken that it behoves them—as they are, I regret to have to say, primarily responsible for the mess—to say what they would have done instead. Simply to criticise the Government, who are doing something that is starting to turn things around, is, in the circumstances, not good enough.

We have had to deal with the situation that confronted local government in a way that was fair and proportionate. I want to set the record straight on one or two matters that were raised. First, in relation to the settlement for local government as a whole and the picture compared to the rest of Whitehall, it is important to make it clear that against the 2010-11 baseline, the Department for Communities and Local Government will be making savings of some 33% on resource, but we will also be moving some £6.7 billion into formula grant. That is money that we are ceding to local authorities.

I think that it is some of those differences in the figures that produced the difference in the figures that the hon. Member for Sheffield South East was calculating. He referred to a 68% cut in the CLG budget. No, that is the combined total reduction in resource and capital funding by 2014-15. The resource funding was reduced by 33%, but we have chosen to devolve extra money by putting it into formula grant, rather than keeping it in the Department. So we have passed money down, within a tight settlement, to local government as a whole. In fact, our departmental resource support for local government will reduce by 22% compared with 33% for CLG as a whole, so we are protecting local government as opposed to the central Government elements of our spend. Similarly, although we have had to reduce capital support to local government, that reduces by a lower percentage than is the case for the CLG's central departmental expenditure limit—the DEL, as it is called.

Against that background, we have endeavoured to support important programmes. We are putting £6.5 billion into the Supporting People programme. That constitutes a reduction of only 12% compared with the CLG's 33% resource reduction overall. That is why my right hon. Friend the Secretary of State was right to tell the Select Committee that we had sought, in the circumstances, to protect Supporting People.

We have sought to make the settlement itself more progressive. I shall come to the imperfections of the formula in a minute, but within the formula that we have, we have increased the weighting given to the needs element to 83%. That is an increase from where it was before and will help more deprived authorities. Also, a number of authorities with significant problems faced the loss of the working neighbourhoods fund, which the previous Government set up but were terminating because it was a three-year programme. The present Government, recognising the difficulty, set up the transitional grant that has been referred to by hon. Members, so we have helped to cushion the loss of the WNF that the previous Government proposed to impose. Therefore, it cannot be said that we have not sought to be fair in the circumstances.

The hon. Member for Nottingham East (Chris Leslie), who is no longer in his place, made some comments about fairness and referred to the House of Commons Library paper. I am afraid that that paper was quoted selectively. The analysis also said:

> "Excluding London, northern regions will receive more grant per head than their southern counterparts".

It confirmed that formula grant per head in the north-east is, at £696, approaching double that in the south-east, which is £374, and that reductions in formula grant for the north-east and north-west were "clearly less" than those in the south-east and the eastern regions. Therefore, it cannot be said that the Government have sought unfairly to discriminate against areas where, we accept, there are difficulties. I hope that that puts some of the comments in context.

Let me deal with a couple of other points raised by the hon. Member for Sheffield South East. He specifically asked about business rates exceeding formula grant by 2013-14. For reasons that I shall come to, by 2013-14 the landscape will indeed look very different as a result of the local government resource review. As he knows, the review will consider allowing local authorities to retain business rates, and obviously we shall have to look at that in the context of the implications for resource equalisation and redistribution. There is a legal obligation to redistribute the business rate, and we do not intend to change that. The assumption was made that there would be a sudden pot of money and that there was no change to what the Government were doing. That is not the case: we have already announced our intention to make a change.

We are making the change because, as was pointed out in the powerful and impressive speeches of my hon. Friends the Members for Peterborough (Mr Jackson), for Meon Valley (George Hollingbery), for Halesowen

and Rowley Regis (James Morris), for St Austell and Newquay (Stephen Gilbert) and for Harrow East (Bob Blackman), the formula no longer works. They all queued up, rightly, to say that.

We have recognised that there is a need for significant change to the formula and, rather than beating about the bush, we have established a local government resource review. I expect that the consultation documents will be sent out before the end of this month. We hope to do it from January through to June, and central to it is enabling local authorities to retain the business rates that they collect. Of course, there would also be an incentive for them to grow their tax base by growing their business rate base. That would enable us to rethink the operation of grant. Formula grant would no longer be operating in the same system. I totally accept the point made by hon. Members that in those reforms, it is crucial that we find something that is much more transparent than the Schleswig-Holstein question. Actually, this issue probably makes the Schleswig-Holstein question seem comparatively simple. So that is what we are doing.

Mr Betts: I hope that the Minister responds specifically to this question; it is an important one. Is he saying that when the Government go out to consultation on a new method of funding for local government, including local authorities keeping their business rate, they will also deal with the question of how, in that context, redistribution in terms of need and resources can also be achieved?

Robert Neill: It is intended to be a comprehensive review of local government resource. We shall have to consider all those issues. The hon. Gentleman will have to wait for the document itself. He will understand why I cannot go into detail; I am sure that we shall be laying a statement before the House about the content of the document. However, it is intended to be a comprehensive review of the resource, and I hope that the hon. Gentleman will be satisfied with what he sees in terms of its parameters. I know that the Select Committee will certainly want to discuss with the Department the way in which we carry the review forward, and we will welcome that. Against that background, the Government have sought to achieve a balance.

I accept the points made by my hon. Friends: we must be prepared to be a little less conservative with a small c in our approach to delivering local services. I do not think that small c conservatism is generally found on this side of the Chamber at the moment. Local authorities have worked hard to produce efficiencies—I accept that—but it is clear that yet more can be done. For example, the CBI has pointed out the considerable further savings that could be made by local authorities banding together to use their procurement powers. Baroness Eaton and her colleagues are up for doing that, and I am sure they will. It is not a question of chief executive pay, for example, closing the funding gap, but at times such as these, it is not illegitimate for the Government to say that if we have to prioritise, the message that pay sends is important. It is fair and proper to look at these matters in that context.

I take on board the important points made by my hon. Friend the Member for Harrow East, who was my old comrade-in-arms in the London Assembly. Given the Mayor we had, "comrade" was probably appropriate from time to time. I also agree with a comrade from the opposite side of the London Assembly, the right hon. Member for Tottenham (Mr Lammy), about support for the voluntary sector. It is hugely important, which is why the Secretary of State has repeatedly said that in these difficult times it is important that local councils do not fall back on the usual suspects in their approach to reductions, such as salami-slicing. They get rid of the voluntary sector grants first because they are the easiest, but often it is those voluntary sector groups that deliver public services in the most imaginative and innovative manner. That is where remuneration comes in and is why we are increasing transparency for the public over remuneration in the Localism Bill—that is the right way.

I hope that a director or chief executive on a six-figure salary signing off a report for a council recommending cutting a six-figure grant from voluntary groups will not feel entirely comfortable in doing so when looking at their comparative positions. That is a legitimate point in the context of this debate. We will all have to constrain expenditure that is not directed at the front line. That is not to rubbish the work done in local government, but it is right to accept that people are surprised when they see the salary inflation at that level; people are right to question whether that is the best way to spend the money. That is how the Department has looked forward.

We are, of course, keen to assist local authorities to grow their economies and to rebalance them. That is why, as well as the Supporting People programme, to which I have already referred, we are spending more than £2 billion on the decent homes programme, and continuing to support the disabled facilities grant and to facilitate the passage of the vulnerable into work in the community. The regional growth fund of £1.4 billion taken together with the local enterprise partnerships, set up with business and local councils as key partners, affords an opportunity to refocus economies. We seek to align that regional growth with the equal sum in the European regional development fund. Work is being done to channel such resource as we can afford into areas that will make the most difference.

References were made to housing funding and the benefit changes. It is worth remembering that even with the changes, a third of homes in London will remain affordable. About 17,000 households may be affected, but the choice they will be left with is no different to the choice that the low-waged who are not on benefits face. We cannot continue with a situation in which expenditure on housing benefits has risen from £14 billion to £21 billion. It is about getting the balance right. Of course, we will continue to liaise with our colleagues in the Department for Work and Pensions on those issues.

I see that time is creeping round, and I know that my hon. Friends raised other specific points. With your permission, Mr Robertson, I will respond to them by letter. Detailed matters, such as private sewers, are probably best dealt with in that manner.

5.45 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Tuesday 18 January 2011

[JIM DOBBIN *in the Chair*]

Funding Formula

Motion made, and Question proposed, That the sitting be now adjourned.—(*Miss Chloe Smith.*)

9.30 am

Andrew Selous (South West Bedfordshire) (Con): I am grateful to Mr Speaker for allocating me this important debate. It is a particular pleasure to serve under you, Mr Dobbin.

I have wanted to make this speech for a considerable time. As a member of a governing party with a bold and reforming agenda across large parts of Government, I hope that that spirit of boldness will also be applied to this issue and that it will be allied to a keen sense of fairness and justice so that we do the right thing by every part of the United Kingdom.

I speak as a committed Unionist and I want every part of the United Kingdom to be treated absolutely fairly as far as central Government funding is concerned. However, the formula that currently allocates funding between England, Wales, Scotland and Northern Ireland for large parts of public expenditure is broken. Even the man after whom it is named, Lord Barnett, wants to get rid of it and speaks against it. It really is time for us to look at it, as I shall try to show in my remarks.

The formula dates back to 1976. It was decided, across certain parts of Government spending, to allocate 85p in every pound to England, 10p in every pound to Scotland and 5p in every pound to Wales. That was done on the basis of population figures from the mid-1970s. Those figures have never been changed; all that has been changed over the years are the annual increments. We are therefore working on a population baseline from the mid-1970s that bears no relation to the significantly increased population in England or the increased population in Wales. At the same time, the population in Scotland has remained broadly static. In the excellent debate on the Barnett formula in the House of Lords, Lord Sewel, a Labour peer, referred to

"a series of fantasy populations"—[*Official Report, House of Lords,* 11 March 2010; Vol. 718, c. 381.]

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): I am grateful to the hon. Gentleman for bringing this important subject for debate, but his comments about the starting point for the Barnett formula give the impression that the 85%, 10% and 5% figures reflected the populations of the different parts of the UK at the time. Surely, that was not the case. Even at that stage, the formula reflected the different needs in the different parts of the UK by giving Scotland and Wales a slightly higher allocation per head. Population did not define the breakdown in different parts of the UK at the start.

Andrew Selous: The formula was fundamentally on a population basis. If the hon. Gentleman reads the excellent report by the House of Lords Committee on the Barnett formula, which came out in July 2009, he will see the significance of the population issue. I propose that we move to a needs-based formula, and that was the Committee's unanimous, cross-party conclusion, which was supported by its Conservative, Liberal Democrat, Labour and Cross-Bench members. I think I can assure the hon. Gentleman that I absolutely want to reflect the higher need that is clearly evident in Wales and parts of Scotland so that we are totally fair. The evidence is that we are not doing that now. The situation has become unfair, and that is a danger to the Union.

Let us see what the man after whom the formula is named has said. Speaking of the formula's creation in 1976, he said:

"I just wanted to get through every day without too much trouble."

He also said:

"I do not consider it is successful. I do not think it is fair."

He added:

"I thought it might last a year or two before a government would decide to change it. It never occurred to me for one moment that it would last this long",

or more than 30 years. Those who pray in aid the Barnett formula should be well aware that its author thinks that it is time we moved on to something that is fairer and that is built on a needs basis.

Hywel Williams (Arfon) (PC): Will the hon. Gentleman refer to the Holtham commission, which looked at the nature of the funding for Wales? It identified that Wales has been underfunded historically to the tune of about £300 million per annum.

Andrew Selous: I will most certainly refer to the Holtham commission. What the hon. Gentleman says is quite correct. He should have no fear about what I propose. The Holtham commission came to the same conclusion as the House of Commons Justice Committee report in July 2009 and the excellent House of Lords Committee report, on which there was a good debate on 11 March 2010. The commission really said the same thing as those reports: we need to move to a needs-based formula.

The money given to Wales and Scotland is distributed on a needs basis across the Principality and Scotland. It should not, therefore, be too difficult to put together a needs-based formula to allocate the money. That is difficult to argue against, and as I said, leading members of the Conservative, Labour and Liberal parties came to the unanimous conclusion in the House of Lords Committee report that we should move to such a formula.

I want to spend a little time explaining why the situation is unfair for England. We sometimes look at the Barnett formula as if it is just about Scotland, Wales and Northern Ireland. As a committed Unionist, however, I think we also have to remember the English. I do not, in any sense, say that apologetically; I just think we need to be fair to everyone, because poor people in England have similar rights and should also be treated fairly.

Council tax in Scotland has been frozen for a considerable number of years. Many of my constituents have worked hard all their lives to buy the home they love, but some are forced to sell their homes because they cannot afford the council tax, which goes up year after year. Is that fair?

[Andrew Selous]

I also think of business rates. I represent a town called Dunstable, which recently had 56 empty shops in its high street. Many shopkeepers told me time and time again that business rates were driving them out of business. Hon. Members might therefore be interested to know that business rates in Scotland were reduced by 80% for businesses with rateable values of up to £8,000 in 2008-09 and scrapped entirely in 2009 and 2010. Business rates were cut by half for businesses with a rateable value of up to £10,000 and by up to 25% for those with a rateable value of up to £15,000. Of course, I commend the Minister for recognising that unfairness as far as England is concerned and for bringing some relief, although it is not as much or as generous as elsewhere. I thank her and her Treasury colleagues very much for what they have done, but there are businesses that would still be operating in my constituency and paying tax revenue to the Treasury had we applied that relief earlier and more fairly across the United Kingdom.

Since 2002, personal care in Scotland has been given without reference to need, whereas it is time limited and not available in the same way in England. Prescription charges are much lower in Scotland and will be abolished completely by April. They do not exist in Wales. Why should people in the same circumstances in England have to pay prescription charges? On hospital car parking charges, it costs £2.50 per visit to park at my local hospital. If someone on a low income has a family member in hospital for a long period, those charges will be significant. Again, such charges are not paid in Scotland.

This year, the situation with tuition fees and education maintenance allowance really was the straw that broke the camel's back for a lot of people in England. English Members have been receiving lots of letters about education maintenance allowance and the fact that it is to be replaced by a discretionary grant; but of course it is being kept in Wales, Scotland and Northern Ireland. There will continue to be no tuition fees for Scottish students and there will be no increase in the fees for Welsh students, while those of English students will double. Therefore, in a few years' time, a Scots graduate, a Welsh graduate and an English graduate, working in the same company and the same office, perhaps having done similar courses, and earning the same salary under the same taxation system, will be paying back hugely different amounts of debt. How are we supposed to explain to our constituents that that is fair? My children are already giving me considerable grief on the subject, as they look to the university fees that they will no doubt pay in a few years. It is frankly not fair, and I defy any Scottish or, indeed, Welsh Member to say that the system is fair to the English.

Owen Smith (Pontypridd) (Lab): I am pleased that the hon. Gentleman got this important debate, and pleased to be able to contribute a little. There is a one-word answer to the question that he has raised: devolution. In the spirit of fairness in which he has framed his remarks I entirely agree that we need to move to a needs-based formula, and the Holtham report and all the other empirical data we have about Barnett point in the same direction. We need to move in that direction. I am encouraged to hear a Parliamentary Private Secretary thinking in such ways. However, is it not invidious to cherry-pick ways in which citizens in Wales may be better off, when they are less well off in other respects? The hon. Gentleman mentioned the relative deprivation in Wales and Scotland. That is reflected in the empirical evidence, which shows that a needs-based, deprivation-based formula would afford more money to Wales than we currently enjoy.

Andrew Selous: I am glad that the hon. Gentleman is with me in wanting a needs-based formula. He is right that the evidence of the Holtham commission, and the evidence that the House of Lords took, suggests that Wales would benefit from such a formula and that if it is to be applied fairly there should be some reduction in what Scotland currently receives.

I agree with the hon. Gentleman that it is up to the Welsh Assembly Government and the Scottish Government to spend their money as they see fit. What is not fair and right is the allocation of money in a block grant on a bust formula from 1976, whose author no longer thinks that it is fair, when there is clearly in many cases such an imbalance between what the English and the Scottish can be offered. That is an entirely reasonable case.

Mark Lazarowicz: Will the hon. Gentleman give way?

Andrew Selous: I will, but I want to finish my list—I have not got to the end of it yet—of what we do not get in England. It is really worth listing, because even the Library did not have a comprehensive list. I was adding to it as I went along.

Certain cancer drugs were available earlier in Scotland than in England—we are just catching up. Concessionary bus travel is more generous in Scotland. People can go on long-distance journeys there and take a companion, if they are disabled, which they could not do in England. I think that hon. Members who are fair and who consider the issue dispassionately and want to do the right thing by every part of the United Kingdom will agree that we cannot allow the situation to continue if we are committed Unionists.

Several hon. Members *rose—*

Andrew Selous: I cannot remember who wanted to intervene earlier; I give way to the hon. Member for Edinburgh North and Leith (Mark Lazarowicz).

Mark Lazarowicz: I am grateful to the hon. Gentleman for giving way again, but it is an important debate. I welcome the tone in which he presents his case, even if I disagree with some of the conclusions. Would it not be better if he were to mention not only the areas where residents of Scotland and Wales appear to get a better deal, but those where, because of a choice made under devolution, spending is less? There is now a debate in Scotland and Wales about university funding and the effects of different tuition fee levels on university fee income. In some areas of health and transport, provision is less than in England. It is not right, as my hon. Friend the Member for Pontypridd (Owen Smith) said, just to cherry-pick the areas where Scotland and Wales seem to be doing well, without referring to choices that have resulted in different consequences, which can be easily pointed out as examples of relatively lower levels of service than in England.

Andrew Selous: I will now move on to what I think we should do about the situation. I am proposing a needs-based way of allocating the block grant, reflecting current populations and needs, which are worse in England in some cases than in Scotland, and significantly worse in Wales than in some parts of England. That should be recognised because there is a fair, open and transparent way of proceeding, but at the moment much of what the Treasury does is not transparent. Crossrail, for example, was at one moment a UK project, designated by the Treasury. The next minute it was designated an English project so that there could be a Barnett consequential, and Scotland could get an extra £500 million. That may or may not have been right, but what was the process? Was it open to transparent scrutiny so that people in Wales and England could see that it was fair? In one year, the Treasury suddenly said that there was a £900 million underspend for 2007; that was allocated to the Scottish budget. That may have been correct, but at the moment everything is done deep in the bowels of the Treasury. I do not say that there has not been fair play, but there is a need for the process to be more open and transparent. The Treasury is judge and jury in its own court, in a process that is not open to scrutiny. I do not think that that is right.

Hywel Williams: I agree largely with what the hon. Gentleman has been saying. I want to point out the value of considering not only differences between Scotland, Wales and England but the interesting regional differences in England. It would be very useful for hon. Members from the north-east, for example, to look at those. Perhaps the hon. Gentleman will refer to them later.

Andrew Selous: The hon. Gentleman is right. There are significant differences. I am an east of England MP, and that region has the lowest spending of any region in England. Perhaps that is why I get increasingly angry communications from my constituents on the matter.

Having outlined the problem and some of the unfairness, I want to talk more about what we can do. I direct my hon. Friend the Minister to the excellent conclusions of the House of Lords report of 2009 on the Barnett formula. The report looked across the world to Australia—I declare an interest in that my mother was Australian, but that does not affect whether I think the Australians have a fair and good solution, from which we could learn. In Australia, the Commonwealth Grants Commission is an independent body charged with the responsibility of dividing the cake between the Australian states and territories. It is an advisory body to the federal Government and its impartiality is completely accepted by the states and territories of Australia. I understand, and agree with Government colleagues, that we are not looking to set up extra quangos. If my hon. Friend does not want an extra quango my proposal is that we should add the specific responsibilities in question to the remit of the Office for Budget Responsibility. However, if she says that that is too much for the OBR, it is not fair to tell me that we should not have an extra quango. I would be happy to go either way, with whichever option seemed most sensible and would cost the Government less. We could add the responsibilities to those of the OBR, but if we wanted a separate body we could have one. Given the figures involved—the sums of public spending—it would be a serious body.

What the Committee in the House of Lords proposed was only illustrative. If the Government have other or better ideas, or if colleagues from either side of the House want to contribute ideas about what the needs-based formula should include, let us start the debate now. Let us get ideas rolling into the Treasury, so that we can proceed with total fairness.

Mr Mark Williams (Ceredigion) (LD): I too congratulate the hon. Gentleman on obtaining the debate. I welcome the direction of travel that he has outlined, but I want to ask about timing. He has alluded to the impatience in England, whereas I and colleagues from Wales and Scotland would allude to the shortfall, such as that in education; there is £500 less per child in Wales than in England. There is impatience about that. The coalition Government have said that in a Welsh context a Calman-style commission will be set up after the referendum. What are the hon. Gentleman's views on that? Do they reflect that impatience, or is he more on the go-slow track?

Andrew Selous: I am naturally quite an impatient person, and I want to get things done when I see something that I think is not right. However, we are in difficult times financially, and it will be incredibly difficult to move from one formula to another in these challenging times.

A sensible time scale would be for the Government to start doing the work now, setting out how we are to allocate money fairly between England, Scotland, Wales and Northern Ireland on a needs basis. Once we agreed on it, there would need to be a transitional period. We cannot get away from that, because we have to do such things fairly and in a way that does not cause undue difficulties in any part of the United Kingdom.

I would be a happy person at the end of this debate if I had a sense that the Government would move toward setting up a system that allotted funding on a needs basis, and that they would agree to create some sort of body to do that, and consider a transitional period. The beauty of that is that by then we would have got through these difficult financial times, and more money would be available as we started to implement such a system. It would also make the transition easier for the parts of the United Kingdom that did not benefit.

David Mowat (Warrington South) (Con) *rose—*

Andrew Selous: I shall give way for the last time; I have been generous in giving way, but I need to move on in order to let others speak.

David Mowat: I thank my hon. Friend for giving way. What he says about the time scale is important, particularly vis-à-vis Scotland. Next week the Scotland Bill is coming before the House. In my opinion, it will enshrine the current level of the Barnett settlement for ever, as it will link the Barnett amount that Scotland receives directly to the level of income tax paid in Scotland. As a consequence, future reforms will be difficult. I am not sure that time is on our side.

Andrew Selous: I hear what my hon. Friend says. He refers in part to the Calman commission and the fact that the block grant in Scotland will be reduced to 65%

[Andrew Selous]

and that Scotland is to raise 35% of its income through tax-raising powers given under the Bill. What I am talking about will still apply, however, as 65% of Scotland's public spending will be allocated. Everything mentioned in this debate is relevant, although we can argue about the time scale. I shall listen carefully to what the Minister has to say. I have outlined a possible way to proceed.

I touch again on the different needs that the House of Lords Committee found. They are four: we should move to an assessment method that takes account of the age and structure of the population, as a significant number of older people require extra spending; we need to consider low incomes; we should take account of ill health and disability; and we should consider economic weakness. All of us would probably have some sympathy with those four indicators. There would be value in setting up an independent commission, as it would allow people to make representations, and extra factors could be taken into account to deal with the particular situation in Wales or Scotland. Indeed, it has been done successfully in Scotland.

The House of Lords debated the Barnett formula report on 11 March 2010. Lord Moser, a former head Government statistician who was appointed by a previous Labour Government, said:

"We emphasised repeatedly that, especially in the hands of an independent body, backed by thorough and on-going research, this was an eminently practical task. It is just not true to say that it is difficult or too time-consuming or too complex—that is not so."

He was talking about the task of setting up a new needs-based commission.

Baroness Hollis, a distinguished Labour peer, spoke of the differences in funding for personal care:

"What could be more unfair…than an elderly, frail person in East Anglia receiving perhaps only two-thirds, in public expenditure terms, of what an equally elderly, frail person in Scotland receives, even though the person in East Anglia is poorer, because we are hanging on to an unfair population basis of estimating subsidy?"

Lord Newby, a Liberal Democrat from Scotland, said:

"In terms of gaining public acceptance for a conclusion which will inevitably mean funds being taken away from Scotland, it is interesting to note that within the Lib Dems we had quite a spirited discussion with our colleagues in Scotland when we first proposed this, as you can imagine. In the end, the argument that fairness is the only long-term sustainable basis for allocating expenditure won the day, as I am sure it will in future as this case is made more widely."

I note that Lord Davies of Oldham, then a Labour Treasury Minister, wound up the debate by saying of the report's authors:

"They have created a framework within which the disadvantages of the Barnett formula are such that a reforming Government would need to look at them."

That brings me back to my opening remarks. I am proud to be part of a reforming Government, and I hope that we will not be dilatory in this matter.

Baroness Noakes, then our shadow Treasury Minister, said in response to the debate:

"In principle, this is something which my party supports. We also support the transparency advocated by my noble friend Lord Trimble."

She also spoke of

"an inevitable conclusion that change is necessary."—[*Official Report, House of Lords*, 11 March 2010; Vol. 718, c. 371-404.]

I thank all Members who wish to contribute to the debate, and I shall listen with interest to what my hon. Friend the Minister has to say in response.

Jim Dobbin (in the Chair): A number of hon. Members wish to speak. I remind the House that the wind-ups will start at 10.40 am, so I ask Members to keep their contributions brief.

9.56 am

Alun Cairns (Vale of Glamorgan) (Con): It is a privilege to serve under your chairmanship, Mr Dobbin. Before the debate started, I forewarned you that I may have to leave early because of my Select Committee responsibilities, and I apologise for that.

I congratulate my hon. Friend the Member for South West Bedfordshire (Andrew Selous) on securing this debate. I recognise and support the spirit in which he has raised this sensitive matter, which affects all the nations and regions of the United Kingdom. He has underlined the point that we have a reforming Government and that bold steps need to be taken to come up with a formula that will serve all the nations and regions in a positive and constructive way that is dependent on need. The debate has been going on for some time in Wales. Even before the evidence was as stark as it is now, there was a view that relative deprivation in Wales meant that the Barnett formula was not serving Wales well.

A mathematical formula, such as the Barnett formula, offers significant advantages. The first advantage is that it offers a guarantee of funding, particularly to devolved Administrations, who need such a guarantee to plan, which prevents, for example, the Welsh Assembly Government, or the Wales Office on its behalf here in Westminster, becoming involved in horse trading year on year. Such a mathematical formula obviously offers that guarantee. The second advantage is that in times of limited or reduced spending, the Barnett formula offers protection to the devolved Administrations.

On the other hand, there are significant disadvantages with the formula being so far out of date, and I regret the time that it has taken to get to this point. The previous Government should accept their responsibility for leaving it so long. Despite Lord Barnett's strong view that the formula needed reform, it was not accepted. He plainly said that the formula was unfair.

Hywel Williams: My memory of that slightly pre-dates the hon. Gentleman's. I draw his attention to numerous debates over many years when Front-Bench spokesmen on both sides used the formulation, "The Barnett formula serves Wales well." The hon. Gentleman should concede that both Conservative and Labour Governments were staunch defenders of the Barnett formula. My party, of course, took another view.

Alun Cairns: I shall square that point in a moment, but I do not want to let the previous Government off the hook for their delaying tactics in resolving the matter because of its sensitivity. Whereas Lord Barnett plainly said that it was not fair, the then Chief Secretary

to the Treasury said that it was fair enough. That certainly was not good enough for Wales. I regret to say that despite 13 years in office, the previous Government did not have the opportunity to resolve the formula.

Guto Bebb (Aberconwy) (Con): It is important to point out that back in 1999 and 2000, Wales, on average, received £125 for every £100 in England. In 2010-11, Wales receives around £112 for every £100 in England. Therefore, the Welsh treatment under the Conservative Government is significantly better than it was under the Labour party, when there was a significant decline in funding for Wales.

Alun Cairns: I will come on to the convergence in a moment. None the less, it is a point that is well made and that should be recognised by the Labour party. It is important not to confuse freedom of devolution, which enables nations to pursue their own policies, with funding. There is naturally a link, but because there is a policy, subsidy or generosity in one particular area, it should not then be used as proof or evidence of over-funding when we consider the whole context.

Owen Smith: I was rising to make precisely that point. Does the hon. Gentleman fear, as I do, that the hon. Member for South West Bedfordshire (Andrew Selous) will not be happy when we have a needs-based formula, because those examples that he cherry-picked earlier will still exist? The politics of envy, which underpins some of his concerns, will still play into this debate.

Alun Cairns: That point only demonstrates the hon. Gentleman's misunderstanding of the spirit and tone of the debate presented by my hon. Friend the Member for South West Bedfordshire. My hon. Friend identified the differences, but recognised that that freedom needs to take place when we consider devolution. The obvious things in Wales are free prescriptions and—this one has focused attention of late—tuition fees. To those hon. Members who are critical of the Barnett formula because it is advantageous to Wales, I say that our NHS waiting lists are much longer and that the cancer drugs fund does not apply, so there are considerable drawbacks, and they need to be taken in the context of the whole funding settlement. It is far too easy to pick a policy that has been prioritised by the Welsh Assembly Government without accepting the areas that may not have been prioritised. Health is the obvious one. In England, for example, there is a guarantee of no cuts in NHS spending, whereas in Wales there will be real-term cuts and financial cuts to the health service. That point should be recognised in the debate.

My hon. Friend the Member for Aberconwy (Guto Bebb) has referred to the positive contribution of the Holtham commission. The two volumes of the Holtham commission can be brought down to a few figures. At the moment, Wales receives £113, which will drop to £112, for every £100 that is spent in England; Scotland receives £120; and Northern Ireland receives £124. Holtham concludes that Wales needs £115, which is marginally more than it is currently being awarded; Scotland needs £105, which is a significant reduction from its £120 now; and the figure for Northern Ireland is not far from what it already receives. That is the first needs-based assessment that has taken place. If that is not accepted in general terms, it is certainly an exceptionally useful starting point of where the needs lie.

The hon. Member for Arfon (Hywel Williams) has said that, historically, Wales has been underfunded by £300 million, but that fails to understand the convergence that has taken place over the past 13 years or more. That £300 million is the current level, and it would have been a much smaller level in the past.

A very good point has been made about Crossrail. Despite the view that the Labour party in Wales is taking at the moment, we can compare the spending on Crossrail with that on the Jubilee line. The spending on the Jubilee line was Barnettised, but the spending on Crossrail by the previous Government was not, which highlights another way in which Wales was treated unfairly by the previous Administration. It is far too easy to point the finger, when a real debate is taking place on satisfying the needs-based requirement.

My closing points—I am conscious of the time—relate to the way forward. All the nations and regions need to engage in the debate about this extremely sensitive area. Those who are allied with the Scottish National party are a block not only to any form of debate—that position is natural, because of the way in which Scotland would lose out—but to changes elsewhere in the United Kingdom. As the hon. Member for Arfon builds up a strong relationship with the Scottish nationalists, he must recognise that that is blocking reform in Wales, because every part of the UK needs to engage in this debate if we are to come up with a needs-based formula that satisfies all the nations and regions of the United Kingdom.

10.6 am

Owen Smith (Pontypridd) (Lab): I am grateful to serve under your chairmanship, Mr Dobbin. I will make a few brief remarks, because I, too, am on the Select Committee to which the hon. Member for Vale of Glamorgan (Alun Cairns) has referred. I must leave early, for which I apologise.

I welcome today's important debate. Although the issue has been debated many times in this House—there was a recent debate in the House of Lords, which produced an excellent report that is well worth reading—it is worth debating again. The issue was not resolved by the Labour Government. I accept that we were tardy in addressing the issue. Once we saw the firm evidence in the Holtham report on convergence—the so-called Barnett squeeze that resulted in a reduction in the relative benefits to Wales over the past 10 to 15 years—we responded to that at the last election. The previous Labour Government were keen to see fair funding for Wales, and we went into the last election fighting for that pledge. Had we won, we would have delivered fair funding. I hope that this current Government will be true to their word and look to deliver a different form of funding for Wales and the other devolved nations and regions of the UK, and I hope that it will be needs-based, as the hon. Member for South West Bedfordshire (Andrew Selous) has said.

My caveat—I did not mean to personalise the debate earlier in referring to the politics of envy—is that at some level, the hon. Gentleman's underpinning concern is that parts of England do not benefit. In particular, he points to the fact that historically the east of England, which he represents, has featured towards the bottom of the league table of public expenditure over a long

[Owen Smith]

period. That is, in itself, reflective of the relative needs of the east of England. We have for the English regions, as Holtham and others have pointed out, a needs-based formula. Indeed, one of the conclusions of the excellent House of Lords report is that a quick interim measure would be for Wales and Scotland to go to a needs-based formula based on the English version.

As the hon. Gentleman has pointed out, aspects of policy in the devolved nations and regions can foment a sense of envy. When one looks at the responses in the *Daily Mail* and *The Daily Telegraph* on tuition fees, which range from outrage that the Welsh are doing something different through to incredulity that such a policy can be afforded in Wales, one sees that they reflect the lack of understanding that persists across the House about the way in which devolution works.

Current Government Members, such as the hon. Gentleman, have highlighted examples of how Wales and citizens in Wales appear to benefit financially from the devolution of powers and the policies that are pursued in Wales, whereas hon. Members from Wales have highlighted other areas, such as the health service, where—according to those hon. Members—people in Wales are not benefiting.

Andrew Selous: The evidence from Holtham and from the House of Lords Select Committee is that Wales would gain from a needs-based formula. So there is no part of what I have said that would cause problems as far as the Welsh are concerned. It appears that Scotland is more generously funded than a needs-based formula would suggest, but that is what we need to set up a commission to look into.

Owen Smith: I am grateful to the hon. Gentleman for that intervention and I fully appreciate that point; I heard him say very clearly that Wales would benefit. My point is simply that I fear that in much of the debate on this subject there is a concern that English regions do not benefit where other parts of the UK, particularly the devolved regions, do. Traditionally English Members from both Houses have expressed that view, which underpins and unfortunately colours debate on this subject.

Mark Lazarowicz: Is it not the case that moving to a needs-based formula would receive universal support, would be value-free and would not allow any political interference is an illusory hope, because even with a needs-based formula the question arises of how one assesses needs? For example, how much importance should be given to rural diversity and to the length of communications in Scotland? If a high priority were given to ferry links to the Shetland Isles and Western Isles, there would obviously be a high result there. When it comes to funding that depends on age, there are some parts of both Scotland and Wales where unfortunately, because of ill health, some people do not live to an older age, which would not be reflected in the formula. The idea that we can move to a value-free system with a needs-based formula is somewhat illusory. Will my hon. Friend comment on that?

Owen Smith: I agree with my hon. Friend—that is essentially what I was trying to say a moment ago. An arm's-length independent organisation, which Holtham considered—whether it is the Office for Budget Responsibility or whether it is some other body—is an excellent idea that we should take account of.

David Mowat: The hon. Member for Edinburgh North and Leith (Mark Lazarowicz) has said that it is not easy to conduct a needs-based analysis, but that does not mean that it should not be tried. He has raised the issue of sparsity in Scotland and the fact that many people live in the Western Isles, Orkney and such places, which makes a difference. There is a precedent for such an analysis, which was carried out by the Scottish NHS and which is referred to in the report by the House of Lords Select Committee on the Barnett formula. The cost was about 15% extra for that component of the population. However, the point is that that component of the population is very small and the overall impact is less than 1.5%. So it is right that that factor is taken into account, but it is not material to what we are discussing.

Owen Smith: The point that my hon. Friend the Member for Edinburgh North and Leith (Mark Lazarowicz) has made—that it will be very difficult to introduce a needs-based formula—is valid. The aspects of a needs-based formula that ought to be taken into consideration and the weighting that ought to be placed on those aspects individually will not be incontestable. So it is easy to bracket them under "deprivation and sparsity", or "deprivation" and some other criterion. Within that, there will be all sorts of eminently contestable notions related to the number of children in a country, the number of older people who are dependent, sparsity and all sorts of other aspects, which will be eminently contestable.

The simple point that I was trying to make is that even if we shift to a wholly independent—or ostensibly independent—and wholly needs-based formula, we will still see divergences and differences between the relative spending priorities and the relative quantum spent on individual aspects of public services across different parts of the country. That will still fuel a sense of resentment in certain quarters, when parts of the country are perceived as doing better than others. I therefore caution that we would not all be happy with a needs-based formula and I suggest that the hon. Member for South West Bedfordshire—

Andrew Selous: We would be happier.

Owen Smith: "Happier"—okay, well perhaps we would be "happier". I, too, would be "happier" if we went to a needs-based formula; I will concede that much.

In conclusion, I simply add that at last we agree across this House that a fairer funding formula ought to be pursued and that Barnett has seen its day. I therefore commend the Government for considering how we might do something important about it in the future.

Jim Dobbin (in the Chair): There are still three hon. Members who want to contribute, so I remind hon. Members of the time.

10.14 am

Guto Bebb (Aberconwy) (Con): I will be very brief, Mr Dobbin. Thank you very much for calling me. It is a pleasure to serve under your chairmanship this morning. I also want to apologise in advance for the fact that I might have to leave before the conclusion of the debate, because of Select Committee responsibilities.

I congratulate my hon. Friend the Member for South West Bedfordshire (Andrew Selous) on securing this debate. In my view, the debate has been very positive and the spirit in which it has been conducted is something that we should be proud of, because it has not been a case of people complaining about the unfairness of the funding system in relation to England. Instead, the debate has highlighted real concerns about the fact that the current system is possibly unsustainable, because we are creating anomalies that are very difficult to justify in the long term.

I concur with my hon. Friend the Member for Vale of Glamorgan (Alun Cairns), inasmuch as the fact that some of the examples that have been given about the differences, for example, between Wales and England in terms of spending is in danger of confusing the issue of Barnett with the actual effect of devolution. As a Member from north Wales, where one can get to Cheshire in less than an hour along the A55 on a good day, I am very aware of the fact that, for instance, the decisions made by the Welsh Assembly during the past 12 years have resulted in spending on education being significantly less per head in Wales than in England. That is a real concern for people in north Wales, because we can actually see the differences between spending in Cheshire and the spending in north Wales. That is an effect not of Barnett but of the decisions that have been made and the priorities that have been set by the Welsh Assembly. As I said in my contribution to the debate on the issue of student funding, I personally feel that the decision made by the Welsh Assembly, within the Barnett block grant, in relation to funding student fees in future is actually an attack on the Welsh university system, which will be disastrous in the long term for Wales. Again, however, that is a decision that has been made within the funding formula. It is important when we have this debate on the funding formula to be aware of the fact that, on some clearly beneficial spending priorities established by the Welsh Assembly, there are counter-arguments, in terms of examples of spending decisions made in Wales that are actually quite damaging.

There are things that we need to be aware of about Barnett. In the Welsh context, there is concern that there has been a real change in the way in which Barnett works in Wales. I have already highlighted the fact, in an intervention, that in 1999-2000, Wales received on average about £125 for every £100 spent in England. That figure has reduced to about £112 for every £100 spent in England and obviously that reduction has been highlighted in Wales regularly. Therefore, I genuinely applaud the Welsh Assembly for commissioning the Holtham report, because the argument that Wales was underfunded and was being unfairly treated in some way was one that we had heard a lot about. I think that the Holtham report gave a very secure background to that debate and explained that Wales was, in comparative terms, being underfunded, if one takes into account the needs of Wales. That point has been acknowledged in this debate by my hon. Friend the Member for South West Bedfordshire, so it is a genuine issue.

Therefore, there is now a growing need to address the fact that the Barnett system is out of date and is creating a real problem. That situation has been made much worse by the implications of the Barnett squeeze; because of the way that the system works, as spending was increasing, the allocation to Wales on a pro rata basis was not increasing at the same rate.

That brings us to another important point. It has been highlighted by Holtham, and I do not think a single Member of this House would argue against this fact: most analyses of the Barnett formula seem to indicate that, if we try to move to some needs-based formula that is not dissimilar to the one used in England, the effect will be to increase the funding to Wales slightly—even if it is only a slight increase, it would be most welcome—but there would be a significant difference to the funding for Scotland.

That is an issue that we need to think about very carefully, because as my hon. Friend the Member for Vale of Glamorgan pointed out there is currently a block on consideration of the issue. Quite clearly, the Scottish Parliament is not looking to implement any changes, because the advantage is given to it by the current system.

Nevertheless, in my view there is a real issue here, which is the continuation of the happy relationship between the four component parts of the United Kingdom, because ultimately an ongoing sense of unfairness, which has been highlighted from an English point of view, is not compatible with the sustainability of the Union. There is a genuine need to consider coming up with a new formula that will replace Barnett and that will try to be fairer to all parts of the United Kingdom.

The hon. Member for Pontypridd (Owen Smith) made the point that no new system would necessarily result in everyone being happy, but that is not in itself an argument against sticking with a system that was implemented in 1976. Ultimately, it is important that the present Government take the issue in hand, to ensure that we have a system that is fairer to all parts of the United Kingdom.

Finally, I need to make a point about the Welsh context. The hon. Member for Arfon (Hywel Williams) is a Plaid Cymru Member, and his party has certainly been very vocal about the unfairness of Barnett. I think that it is fair to say that when the Holtham report was published there was genuine disappointment among some members of Plaid Cymru that the highlighted shortfall of £300 million was significantly lower than some of the figures that had been bandied around. Shortly after the publication of the report, I took part in a debate in Bangor university with the former president of Plaid Cymru and, in view of the evidence that had been collected, he could not argue that Wales was extremely hard done by under the current system.

Hywel Williams: Did I hear the hon. Gentleman say that the possible £300 million increase in funding for Wales was minor?

Guto Bebb: It is minor in the context of the unfairness that has been claimed by the hon. Gentleman's party in the past. Currently, we spend about 112%, compared with the Holtham recommendation of 115%. In view of the fact that in 1999-2000 we were spending 125% compared to 100%, I think that my description is fair.

[Guto Bebb]

The important point is that it is odd, to say the least, to hear a nationalist party, which now advocates independence, arguing very strongly for a needs-based formula that takes into account the need for transfers from England to subsidise the situation in Wales. I would fully subscribe to that. One of the hard lessons that I have learnt in life is that Wales is part of the United Kingdom, and as a result we accept that there can be transfers between the regions and nations of the United Kingdom to reflect their different needs. I find it odd that a party that advocates breaking that link can also stand up and argue for increased funding from the English taxpayer, to subsidise the situation in Wales.

Hywel Williams: I do not want to engage in what might be an internecine struggle, given the hon. Gentleman's previous membership of my party and his strong advocacy of our policies, many years ago before he jumped ship—apparently on the matter of the currency. Does he accept that the Holtham report makes a three-step recommendation: first, a floor is established; secondly, there is then a needs-based formula; and thirdly, which is the point that the hon. Gentleman mentions, a differential taxation system for Wales is considered? The snapshot that he presents as our policy is certainly not our policy; it is one point on the journey.

Guto Bebb: The problem with the hon. Gentleman's point is that it would require the agreement of the Scottish Parliament and we would have to look at the matter on a UK-wide basis. He is perfectly right to highlight my background regarding the single currency. The crucial issue was that one of the arguments against a single currency was that it was difficult to see how transfers from Germany to Greece, for example, to subsidise that currency could be justified. We now see that situation, and it has been highlighted in a book by my right hon. Friend the Member for Wokingham (Mr Redwood). My view is that we can still justify transfers within the United Kingdom to the different regions of England and to the nations, on the basis that we have a shared heritage and a shared belief that we are part of the United Kingdom. I was of the view that that shared heritage would not be there at European Union level, and we might see that issue tested to destruction this year. I do not want to see the situation that we have in the United Kingdom, with transfers within the Union, destroyed by a clear unfairness in the system. Wales will probably benefit from a needs-based system, but we certainly need to look at the issue during this Parliament because I think that otherwise there will be a growing disenchantment with the system on the part of the English taxpayer, and that would be bad for the needs of people in Wales.

Jim Dobbin (in the Chair): Hon. Members might be interested to know that Lord Barnett was a predecessor of mine. I did not realise that my constituency had such an impact on Government funding.

10.24 am

Hywel Williams (Arfon) (PC): I very much welcome this debate, and I congratulate the hon. Member for South West Bedfordshire (Andrew Selous) on securing it. The issue has been possibly an obsession of my party for many years, and so I am glad to see other people sharing that obsession—or disability.

I should like to focus briefly on the Barnett formula and on Wales, rather than on the English regions, because there are clear implications for the English regions, as I have already said. There are great differences between the funding for the regions within England, and the debate on that can be informed by looking at what has happened in Wales for many years. We have already heard that the Holtham report points out the requirement for Wales now to have a needs-based assessment. In fact, such assessments have been needed in Wales for many years, and they are already carried out in some English regions. The Barnett formula was developed in the '70s and implemented in 1978—not in 1976, as has been said. It was based on historical spending and the size of the population—basically on the success of Ministers in extracting money from the Treasury pre-1978. It is a converging formula, and we have seen it in operation for many years. Between 1999 and 2007, public spending in England rose by 33%, and in Wales by 28%. That is the nature of convergence: public spending rose, but less quickly in Wales.

Mark Lazarowicz: The hon. Gentleman's point needs to be underlined, because although many people suggest that the Barnett formula gives an unfair bias towards Scotland and Wales, it is in fact designed to level their expenditure down to the English average. It is not in any sense a formula that protects Scotland and Wales.

Hywel Williams: The hon. Gentleman makes a good point, but my point is that it is a converging formula, and that Wales is gradually losing out. Jumping forward to one of my later points, Holtham called for a floor to be established, and the right hon. Member for Neath (Mr Hain) referred to that before the election. We have consistently called for public sector funding in Wales to be based on needs, and our calls have been ignored and rejected. I do not know how many times I have heard the right hon. Member for Neath, and current Government Members, saying that the Barnett formula has served Wales well. Joel Barnett himself said, in a statement on 11 January 2009:

> "I only meant the Barnett formula to last a year, not 30…One of the problems is that it was not based on need. It determined on the basis of population how much more or less funding Scotland should receive when cuts or increases in public spending were being made across the United Kingdom."

I note, however, that the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) used his appearance at the Wales Labour pre-election conference last year to call Barnett a needs-based formula. It is, of course, no such thing.

The report produced by Gerry Holtham has received the support of all the main political parties in Wales, and I am glad there is a measure of cross-party consensus this morning. The report calls for a floor to prevent further erosion of Welsh funding, for the reform of the formula to make it a needs-based one, and to at least stop, if not necessarily correct, the historical underspend on Welsh services. It then calls for differential taxation to be considered, to ensure that the Welsh Government take greater responsibility for their own spending. As I have noted many times in speeches in this place, the

Welsh Government get a very large amount of money and are responsible for raising not a single penny piece of it, which is, I think, a fundamentally bad situation.

The underspend in Wales has been recently estimated at around £300 million—a significant sum—and there has been a knock-on effect on the private sector, as I am sure the hon. Member for Aberconwy (Guto Bebb) knows. The public sector in Wales is so large and is such a significant purchaser of goods and services, that if it were to have more money there would be a knock-on effect on the private sector. Because the formula reflects an historical position rather than an assessment of need, it has put Wales in a fundamentally weak position. We are funded on the basis of proportional Government spending in England and Wales, or in Great Britain, depending on the circumstances. Spending in Wales has been largely subject to changes in Government priorities on an England, England and Wales or GB basis, so we follow those priorities. We now have a Government in Cardiff who cut the cake as they see fit, but of course the size of that cake always depends on other matters. Hospital parking and prescription charges have been referred to, so I will not pursue those issues given the time.

How to define need has been discussed somewhat. I point hon. Members to the Holtham commission's report, which suggests six steps based on such considerations as the number of old and young people, rurality and so on. The point was made that that might be complex, but that does not mean that we should not do it. I point hon. Members to an interesting example: the Welsh index of multiple deprivation, which has replaced the Townsend index of poverty. The Welsh index is complicated, but it is very effective. It can be done.

The Government have been clouding the issue by considering Wales's funding as something that can be postponed until the recession is over. It must be examined now, for good reasons of governance in Wales and to eliminate the reasonable feelings that the hon. Member for South West Bedfordshire mentioned. Will the Minister tell us when the Government intend to start considering the Holtham inquiry's recommendations for Wales and, more broadly, for the rest of the UK?

10.31 am

Anne Marie Morris (Newton Abbot) (Con): This is a timely debate, and I am grateful to my hon. Friend the Member for South West Bedfordshire (Andrew Selous) for securing it. I will keep my comments brief to assist one more Member to speak.

Public funding effectively comes in two chunks. The largest is spending through central Departments; the smaller comes through the grant formula for local government. The emphasis today has been on the application of the Barnett formula to the local government grant, but the reality is that Barnett has had a creep effect and has become the default mechanism for making decisions even in mainstream Departments. Reforming Barnett is about reforming it as it is applied not just in local government but elsewhere.

The particular problem in my south-western constituency of Newton Abbot, in Devon, is that we are one of the largest regions in the country. Consequently, we have huge transport challenges, but the sparsity effect is not taken into account when funding formulae are determined for our local authorities. Some 20% of the south-west is rural, and it is a well-known and well-researched fact that our rural deprivation is high, which carries a heavy cost: 22% of people in the south-west live on the state pension, the highest number in the country as a whole. We all know the impact of the elderly on local government spending. In the south-west, 10% of people are over 75. I am pleased to say that they have a high life expectancy, but unfortunately that does not help the coffers.

We were fortunate this time around. Devon county council suffered a spending power cut of only 1.77%; in Teignbridge, my district authority, it was 5.89%. For that, I am grateful, but looking forward, the issue must be addressed. As I said, Departments have used Barnett when considering health funding and other devolved sums of money, and as a result, the south-west has fallen down the league tables. In 2009-10, the south-west was allocated only £42 billion across Departments, the third lowest regional spend in England. It has caused an awful lot of problems. We have 12.5% of the population, yet only 12% of the spend, even before aggravating factors are considered.

Children in Devon are particularly underfunded. We are 146th of 152 in the spending league tables. It has been calculated that in health care, we are £12 million short of the figure that would have been fair. We have the lowest spend per head in England on transport infrastructure, yet we are extremely rural and 14% of the population have no car. I urge the Minister to consider seriously the request for a needs-based formula, as it is clearly the way forward. I commend the proposal made by my hon. Friend the Member for South West Bedfordshire.

10.35 am

David Mowat (Warrington South) (Con): This has been an important debate, focusing more on Wales than on Scotland. There is a disparity in Wales—the figure of £300 million has been mentioned—but it is dwarfed by the Holtham estimate of the disparity in Scotland, which is £4.5 billion. Many English Members of Parliament, particularly those from the north, are being forced to go back to their constituencies and defend an austere budgetary environment. It is tough to do so when £4 billion a year over and above the needs-based amount is being sent to Scotland.

I have two quick points to make; I will finish by 10.40. We use the term "needs-based" a lot. The real issue is not need; it is population movement. We could continue to use the Barnett formula of 1976 if we adjusted it for the population changes that have occurred since then. It would be a simple arithmetical adjustment. It is true that a needs-based analysis could be complex, but that change is not required. We need only to adjust the formula for relative population movement, and it would eradicate two thirds of the current imbalances.

Hywel Williams: The hon. Gentleman is coming to the point that I wished to make. It is a converging formula, so there are issues other than population change to be considered.

David Mowat: It is not wholly a converging formula; I do not agree. For example, if the baseline population is not adjusted in arithmetical terms, it means that if the

[David Mowat]

population of Scotland fell to one, that person would get all the money. We do not change it for population, which is indefensible. As I said, I regret the fact that there are no Members from Scotland here, unless I am misinformed.

Andrew Selous: There are two.

David Mowat: What defence of the situation is made in Scotland? I have heard two defences. We have heard the sparsity defence; I have also heard the defence in terms of oil revenues. It is argued that somehow, the £4.5 billion Barnett imbalance roughly compensates Scotland for the additional oil revenue that it has had to give up to the Union or whatever. That is a poor argument.

Mark Lazarowicz: Will the hon. Gentleman give way?

David Mowat: I will finish my point. Other affluent areas of the United Kingdom are liable for relatively higher levels of income tax, and we do not necessarily expect those areas to have better services.

Finally—I would like the Minister to address this point in her closing remarks—I am concerned that the Scotland Bill, as it is currently configured, will institutionalise the Barnett formula for ever by creating a link between income tax levels in Scotland and current levels of Barnett settlement. In other words, that extra £4 billion will be linked for ever to income tax levels in Scotland. What that means in broad terms is that in order for the Scottish income tax base to make up the £4 billion that Scotland receives over and above a needs basis, additional Scottish income tax of between 12p and 15p in the pound would be required. That will never happen.

For the same reason, it will be difficult to review the formula significantly after the link to income tax has been created. If that is the case, we seem to be stuck with the imbalance, which means that every constituent of mine—my constituency of Warrington, in the north of England, is not overly affluent—receives some £5,000 less over the lifetime of a Parliament than his equivalent in Scotland, which would not be the case if the funding were needs-based. That is not to say that England and Scotland should be the same. Holtham did not say that. The figure that Holtham used and that currently exists is 120% of the English settlement in Scotland, but 107% would probably be a fairer figure. That is not the same, but it is a lot closer than it is now. I am concerned that if the Scotland Bill passes unamended, we will institutionalise the matter for ever, which, frankly, will be bad for the Union.

10.40 am

Kerry McCarthy (Bristol East) (Lab): As ever, Mr Dobbin, it is a pleasure to serve under your chairmanship. It is also a pleasure to see so many hon. Members present. Some have left to attend a Select Committee, but this has been a good debate in which a lot of people have had an opportunity to participate.

The hon. Member for South West Bedfordshire (Andrew Selous) is passionate about the issue and has raised it on a number of occasions in Parliament. I accept that the issue is complex and that it is worthy of debate. However, although it is easy to criticise the operation of existing mechanisms, it is more difficult to come up with an ideal solution. The hon. Gentleman stated that the Barnett formula is broken, and he has argued passionately for a needs-based formula. He is waving a hefty document at me. If he would like to pass me a copy, I will sit down and digest it with great enthusiasm at some point.

The Barnett formula has been criticised over the years and, as the hon. Gentleman has said, its inventor, Lord Barnett himself, has suggested that we might need to move towards a needs-based formula. The hon. Gentleman has highlighted arguments criticising the formula, but it is easy to conflate and confuse two issues: what happens in terms of spending within a devolved nation as a consequence of devolution, and what is a direct consequence of the Barnett formula. He highlighted the differences in devolved areas in relation to council tax, prescription charges, tuition fees, education maintenance allowances, hospital car parking and so on. However, I should like to question his comments on the differences in relation to bus travel. He said that it was not possible in England for the carer of a disabled person to travel for free with them, but that is certainly not the case in my local area. Perhaps it is up to local authorities to decide, but in my area people get free bus travel if they can show that they are in the company of someone for whom they are caring.

The issues raised by the hon. Gentleman remind us of the argument about whether devolution is about deciding the size of the cake or about allocating who gets which piece of the cake. As my hon. Friend the Member for Edinburgh North and Leith (Mark Lazarowicz) said, Scotland misses out in other areas as a consequence of policies on prescription charges and tuition fees that differ from those in England. Moreover, the hon. Member for Vale of Glamorgan (Alun Cairns), who is no longer present, pointed out that waiting lists are far longer in Wales as a consequence of decisions taken, using devolutionary powers, to spend money elsewhere. He said that, as a consequence, there will be real-term cuts in the health service—in the cancer drugs fund, for example—in Wales.

We have to accept that our establishment of the devolved Parliament and Assemblies means that the basic principle of devolution will lead to differentials in spending. It may create a sense of unfairness, but I do not think that that is particularly germane to the issue of the Barnett formula and its grant.

Andrew Selous: I understand what the hon. Lady is saying and I do not disagree with her that how the Scottish Government and the Welsh Assembly Government spend the money they are given is up to them. I have no quarrel with that. However, as my hon. Friend the Member for Warrington South (David Mowat) has said, if Scotland is getting £4.5 billion more than a needs-based assessment might imply, does she not understand that that can fund additional services that are not available to her constituents and mine?

Kerry McCarthy: As I have said, the Barnett formula is not perfect. We have established the Calman commission and the Holtham commission to look at the more detailed issues of how devolution works and how we fund matters.

Mark Lazarowicz: As we have already heard, the Barnett formula is essentially based upon historical levels of spending, which means that the relatively high levels in Scotland and Wales reflect the decades of argument between Government Departments making the case for higher spending in those areas. It has not appeared from nowhere. Does my hon. Friend agree that it is a question not only of having to assess needs, but of the impact of Government spending? For example, there is no doubt whatever that the presence of Government in London is a major boost to the London economy. That does not apply to the Barnett formula, but it means that London benefits from Government spending in a way that other parts of the UK—not just Scotland and Wales—do not.

Kerry McCarthy: I agree entirely. Statistics are thrown around about public spending, its impact and who gets the most. It is not just about Government block grants, but about things such as welfare spending and the impact of locally raised funding, such as council tax, which is a separate issue. I think that people sometimes forget that.

The hon. Member for South West Bedfordshire argued that either a separate body or the Office for Budget Responsibility should administer and oversee the introduction of a needs-based allocations system. I agree that, if we are to move towards something like that, now is not the time to introduce radical change overnight. This is a difficult time economically, and the Scotland Bill, which is making its way through Parliament, will have a major impact on the tax-raising powers of the Scottish Parliament. There are decisions to be made about whether it will take up those tax-raising powers and the impact that would have on its spending. The impact of the comprehensive spending review settlements on the devolved nations is also an issue.

I accept—I think that there is cross-party consensus on this—that we need to examine the case for moving towards a needs-based formula. Some of my colleagues have said that, but it has to be done carefully. I do not want to return to line-by-line negotiations with the devolved nations whenever there is a spending round. There has to be a formula of some sort. I think that my hon. Friend the Member for Pontypridd (Owen Smith) said that a needs-based formula would be eminently contestable. It would be difficult to establish which needs should be taken into account and which needs should not.

Andrew Selous: Does the hon. Lady think that we are so much more pathetic than Australia? Queensland and New South Wales are at each other's throats to get more funding, yet they have a settled procedure which they all respect. Does she really not think that we can aspire to and achieve that in this country?

Kerry McCarthy: I am saying not that it is impossible to achieve, but that it is difficult. The Barnett formula was established in the 1970s and people have said that the implication was that it was intended to be in place for only a year. A Labour Government operated under the Barnett formula for 13 years, but a Conservative Government operated under the same formula for 18 years, so this applies to successive Governments. Although there were criticisms, they were unable to find the ideal solution to replace it. Devolution has bedded in and there has been a call from the devolved Assemblies for more powers, which is going to throw the issue into the spotlight again. It is time to revisit it.

Hywel Williams: Is the hon. Lady, as a Front-Bench spokesman for the Labour party, saying that the Barnett formula is serving Wales well now? If that is not what she is saying, what is her argument for not changing it as soon as possible?

Kerry McCarthy: The argument for not changing the formula as soon as possible is exactly as I have said. At a time when spending cuts are hitting Welsh people, as well as people throughout the rest of the UK, and when changes are afoot and the Welsh Assembly is arguing for it to be given similar powers to those of the Scottish Parliament, we have to look at all those things in the round. There is no immediate solution or magic bullet that will sort the matter out. I accept the case made by my hon. Friend the Member for Pontypridd, who feels that a needs-based formula would serve the UK better.

I am conscious of the time so, to sum up, I shall just say that we accept that the Barnett formula is not perfect and that the situation needs to be reviewed. However, we would be very worried if there were a rush towards jettisoning the Barnett formula overnight. We must deal with the matter in a measured, considered way and with an acknowledgment that devolution is at the heart of the matter. There are devolved powers and we cannot expect Scotland and Wales to conduct their spending and financial affairs in exactly the same way as the rest of the UK.

10.50 am

The Economic Secretary to the Treasury (Justine Greening): It is a pleasure to serve under your chairmanship, Mr Dobbin, particularly given your constituency's links to the debate today, which became apparent during the discussion. I congratulate my hon. Friend the Member for South West Bedfordshire (Andrew Selous) on initiating an excellent debate. All hon. Members have made some articulate, well-argued points and I will do my best to try to respond to them during the next nine minutes. Given the fact that so many points have been made, if I do not cover all the issues, I will write to my hon. Friend afterwards to amplify them.

I shall start by being frank. As my hon. Friend is aware, the Government's priority is to tackle the fiscal deficit. Although we do not have any current plans to review the Barnett formula, it is also fair to say that we accept it is not written in stone. Therefore, we look with interest at debates such as this one. The current statement of funding policy that we issued in October 2010 after the spending review was made in consultation with the devolved Administrations. Before I get on to some of my more detailed comments, I shall state a problem and then an observation about the issue. The problem is that, as the former Chief Secretary to the Treasury in the previous Government said, there is no money left. My observation on the debate is that I do not think anyone is arguing for a change in the Barnett formula on the assumption that their local community will come out of it with less money.

Those are the two challenges that we face. Hon. Members are absolutely right to make the case for the funding that their local communities need. The challenge

[Justine Greening]

is to ensure that we get the most out of the constrained pot that we have and to ensure in the future that the formula works effectively, whether that is at the Barnett level or at the England local government level, not just in terms of the absolute cash that goes in—there has been much discussion about cash per head and various Government policy areas—but critically in terms of what comes out. Despite today's debate, we should never lose sight of the importance of discussing the quality of policy alongside the quantity of money that is going in. The cautionary tale is that the Barnett formula, which Lord Barnett said was only ever intended to be a short-term measure, has actually had a longevity that no one anticipated. It is worth while Ministers of today and tomorrow pondering the fact that, even if we think the decisions we take today are short-term, they might ultimately prove to be far more long term than we realise.

Hywel Williams: Is the Minister saying that underfunding in Wales will be addressed only when the economy grows and when we can afford to do so in a way that we currently cannot? Does she accept that that is irrelevant to the fact there is unfairness now?

Justine Greening: I shall make two points about the hon. Gentleman's intervention. First, Wales is well funded. Secondly, let us consider how the Government have approached the spending review. It turns out that, because of how the formula works, the decisions we took to protect the NHS budget and the education budget in cash terms and in terms of schools has meant that the Welsh Assembly Government have probably received a more generous settlement out of Barnett than they would have if the previous Administration had stayed in office.

On the points raised today, clearly there have been a number of inquiries and reports on the Barnett formula and the devolution settlement. One such review is the Calman report on Scotland. As we have heard, the Scotland Bill is passing through Parliament and my hon. Friend the Member for Warrington South (David Mowat) is right to say that the legislation will devolve some of the financial management of income tax to the Scottish Government. However, I can assure him that it will not fix the Barnett formula in stone for the future. A further aspect to the Barnett formula is the Holtham commission, the findings of which illustrate the point I made at the start of my speech. The Holtham commission considered how a needs-based formula would work for Wales and said that such a formula would mean Wales got more, which would put more funding pressures on settlements for other areas. That shows that there are no easy answers to the debate.

David Mowat: On the point I raised about the Scotland Bill, it does not explicitly say that the Barnett formula can never be changed in future. The point I was making is that, once we link a baseline Barnett assessment to the level of Scottish income tax, it becomes extremely difficult to change. The £4 billion additional money that Scotland gets through Barnett is equivalent to 12p to 15p of income tax. In theory, the Scottish Government could reduce their income tax levels by 12p and go down to a needs-based analysis and it would be hard for us subsequently to change that.

Justine Greening: I understand my hon. Friend's point. However, in many respects, the point of devolution is to allow more local decision making to take place across the different devolved Administrations.

Just to finish off the answer to the question asked by the hon. Member for Arfon (Hywel Williams), clearly there will be a referendum in Wales on whether primary legislative powers should be held by the Welsh Assembly Government. We will wait to see the outcome of that referendum before deciding how to take forward some of the points of the Holtham report.

On some of the specific issues raised by my hon. Friend the Member for South West Bedfordshire about transparency, the chapter and verse of the funding formula is in the current statement of funding policy. I admit that it is not the most riveting read in the world, but it does explain clearly how the various settlements are reached. The funding approach is agreed in consultation with the devolved Administrations of the rest of the United Kingdom.

On my hon. Friend's suggestion about the needs-based formula, I can absolutely understand why people and hon. Members think that such an approach would be better. A needs-based formula allocates local government spending across English local authorities, but many hon. Members and different communities consider it to have flaws. That illustrates how there are no easy ways in which we can reform local government funding, whether in relation to local government across English local authorities or in relation to devolved Administrations. The common ground we have in the points made is that any changes should absolutely be approached with real caution over a period of time.

Of course, the Treasury has clear control over the process, as it deals with public spending issues. However, there are avenues through which disputes can be remitted to the Joint Ministerial Committee. Therefore, the Treasury is not always judge and jury. There is absolutely a process through which disputes can be resolved if the Treasury cannot do so. On the involvement of the Office for Budget Responsibility, that organisation is a forecasting rather than a policy-making body. My hon. Friend is right to point out that other countries, such as Australia, have a different approach, but they come with pros and cons. Yes, that authority may be independent, but there is no Minister such as me to stand in Parliament, listen to the issues and respond to them democratically and with some sense of accountability; Australia does not have that in the same way. There are still problems with how that authority operates and questions about whether it allocates funding fairly. Such an approach is not without its challenges.

In conclusion, although we do not plan to change the Barnett formula, we will continue to consider all aspects of public spending, how they operate and how effective they are. As I said, the points made today were highly relevant and interesting, and I have no doubt that the debate will continue over the coming years.

Royal Mail Privatisation

11 am

Katy Clark (North Ayrshire and Arran) (Lab): It is a great pleasure to see you in the Chair again, Mr Dobbin. I am pleased to have secured this timely debate on the implications of the proposed privatisation of Royal Mail for our post office network. There will, of course, be many repercussions if the privatisation goes ahead, but the subject of this debate is, perhaps, the aspect about which the public are currently most concerned.

No other country in the world has separated its mail service from its post office network, and I hope that the Minister will accept that there is genuine concern that this privatisation will have a negative effect on an already vulnerable post office network. Many of the issues that I will raise today have already been raised with the Government during the proceedings of the Postal Services Bill in this House, and I suspect that they will be raised again in the Lords. I have given the Minister notice of what I will say today—I will ask him many questions that have been put to the Government but that have not, as yet, been answered adequately.

We heard many warm words from the Government during the progress of the Bill about their commitment to the post office network, and, indeed, an announcement of a short-term subsidy. However, my contention is that those warm words will not be sufficient to protect our post office network and that the legal framework that the Government are putting forward with a privatised Royal Mail, which will have a legal duty to its shareholders to maximise profits rather than any duty to the general public, provides no guaranteed protection in law for the post office network as we currently know it, and will put our post offices at risk.

We have read in the media that some fear that the privatisation will result in 4,400 post office closures. That figure comes from the fact that the current access criteria mean that we would have a post office network of 7,500 post offices, and we also know that approximately only 4,000 post offices are currently considered to be financially viable. There is, therefore, a great deal of concern that privatisation could lead to the closure of post offices. There is also concern about whether the standard rate for stamps will be able to survive in a uniform way throughout the country, and that there could be a serious deterioration of the service provided, particularly in rural communities, deprived urban areas and in any part of the country where the postal service is expensive. There is a concern that a privatised Royal Mail will cherry-pick the business and that the post office network will be left with what was left.

During the passage of the Bill, the Government were asked to guarantee the size of the network. The Minister will be well aware of those calls being made to him. We currently have 11,905 post offices. The access criteria laid down by the previous Government would, according to Post Office Ltd, mean that there would have to be a minimum of 7,500 post offices. The Government have said, in the course of proceedings, that they are committed to the post office network and would like to see a network of 11,500 post offices. In her evidence, Paula Vennells, the managing director of Post Office Ltd, said:

> "What is absolutely important in this new approach is that there will be no closures whatsoever." [*Official Report, Postal Services Public Bill Committee*, 9 November 2010; c. 5, Q6.]

That call has been made repeatedly to the Government in the past few months. I ask the Minister again today whether he agrees with that statement by Paula Vennells and that a central plank of the Government's policy is that there should not be post office closures, and whether he will undertake to ensure that the size of the network will remain at 11,500 post offices, as opposed to outlets, which is something that I will come on to in more detail later.

When those questions have been put to Ministers, the response has been an explanation of how the post office network operates—that, as we all know, post offices are run by private individuals who may decide that they do not wish to continue in the business for a whole range of reasons and that such decisions may not be in any way connected with Government policy or, indeed, the framework in which those people are operating. We all appreciate that, but we are asking the Government to confirm that their policy will be to create a framework that enables existing post offices to continue. It would assist if we had a specific answer on why legal guarantees would not be helpful. Surely the Minister agrees that it would be helpful to the post office network if he came forward with a legal guarantee on post office numbers, given the huge concern. If he is not willing to do so, will he explain why it is such a priority to get a quick sale—probably to a foreign buyer—but not a priority to find a way to give legal guarantees to our post office network?

We also know that the Government are being pressed by a wide range of organisations to guarantee the inter-business agreement between Royal Mail and the post office network. The National Federation of SubPostmasters, the Communication Workers Union and Consumer Focus, as well as a whole range of other organisations, have made that call and, in particular, are asking that a 10-year contract be entered into by Royal Mail to ensure some kind of security for at least that time. Consumer Focus has said that it is concerned about how few safeguards the current legislation proposes. Andy Burrows, its postal services expert, has said:

> "There are few safeguards to keep that contract in the long term. It's entirely conceivable—though it seems an odd thing to suggest—but several years down the line you could have a post office network where you cannot undertake mail transactions. It would be for Royal Mail to determine which operator—whether it was Post Office Ltd or Tesco or whomever—to offer mail services and there would be no requirement for stamps or parcels. You could see a scenario where Royal Mail looked to cherry pick so Tesco, say, could meet its requirements in urban areas and the Post Office could pick up the slack in rural areas where there isn't anyone else. And that has very serious implications in terms of the viability and integrity of the network because urban areas typically make money."

That really goes to the nub of the concerns that many people have about the future of our post office network.

Will the Minister respond to the allegation, which has been made again and again, that many of those who run post offices will view the future of work in a privatised Royal Mail to be so uncertain that they will be more likely to leave the business? The Government must respond to that allegation. There is huge uncertainty about what will happen if Royal Mail is privatised, which is bound to lead to individuals making business decisions that will take them out of the trade.

[Katy Clark]

Will the Minister say what steps the Government would take if a privatised Royal Mail decided to award the work to supermarkets rather than to post offices? I want to know whether the Government would allow that to happen. If Royal Mail were to decide not to award work to post offices but to another organisation or range of organisations, would they allow that to go ahead?

My final request to the Minister—again, it has been put to the Government on many occasions—is that we use the opportunity of the Postal Services Bill to guarantee the access criteria in law, so that there is more certainty about the future. I have already referred to the view that the access criteria guarantee only 7,500 post offices, but even that is subject to uncertainty, given the legal framework.

I ask for all that because our post office network is already so vulnerable. More than 150 post offices closed on a long-term basis over the past year, and 900 are up for sale. Over the past 30 years, the number of post offices has almost halved, and the trend has been consistently downwards, irrespective of which political party or, as now, combination of parties is in power.

As someone who represents many deprived mainland communities, many small towns in areas of unemployment and rural island areas, it is clear is that the public are well aware of the vulnerability of the post office network. They are rightly suspicious of the Government's assurances. That may be why people express a great deal of concern about the proposal to privatise Royal Mail whenever they are asked about it, whether it is through opinion polls or in other ways. The fear is that post offices will be at risk, particularly in deprived and remote rural communities. The Government may say that there will be no closure programme—indeed, they have said that—but that does not mean there will not be post office closures.

We know that the majority of work for post offices comes from either Royal Mail or the Government, but business from those providers is not secure. Royal Mail provides post offices with about one third of their work, and we are told that it is unthinkable that it would not use the network. However, it is clear that many competitors may be interested in the work, including supermarket chains, PayPoint—they are the two most obvious options—and a range of other providers. Surely it is a real possibility that a privatised Royal Mail would tender the work, either in whole or in part, to the cheapest provider in the future.

The reality is that because of how Royal Mail will be constructed legally, it will be under an obligation to ensure that it gets best value for its shareholders. There will be nothing to make it use post offices to the same extent. As a private company, its duty will be to its shareholders, which would put the work that many post offices currently rely on at risk. It is only common sense to think that more post offices would be in greater financial difficulty and that more of them would find it difficult to justify their existence.

We have heard a great deal about alternative sources of work for post offices. Indeed, the previous Labour Government were doing a considerable amount of work to develop a people's bank, which was dropped by this Government. Will the Minister explain why the Government are not proceeding with some form of post bank or people's bank? We would like an explanation as to why they do not accept that local post offices would be on a stronger footing if the post bank work had gone ahead. I also understand that the Department for Work and Pensions green giros contract is under threat. Will he explain why DWP work is not being channelled to the Post Office?

The reality, of course, is that the historic link between Royal Mail and the Post Office means that Royal Mail supports post offices in a range of different ways. The Royal Mail chief executive has said that, in effect, Royal Mail subsidises the post office network by £150 million a year through the central provision of services alone. Obviously, if the two organisations were to separate, that would be another way in which funding and support would be taken away from the network.

The previous Labour Government put substantial funding into the post office network, and this Government have announced a £1.34 billion subsidy, which I welcome, although I have been told that it will not increase the level of annual social subsidy to the post office network. However, my greater concern is that the funding is not guaranteed beyond 2014-15, and, even more, that the Government's stated policy is that the subsidy will reduce over time. That must give us great concern. I do not know whether post offices will be able to survive in the future.

Does the Minister expect that the number of post offices or outlets will shrink over the coming period? Also, does he believe not only that the number of post offices or outlets will reduce but that the quality and extent of the service operated at post offices will shrink? The Government's plans for changing the network over the next four years include replacing 2,000 post offices with "essentials" or "locals", which will provide a more limited range of services, often from a venue such as a shop. I understand that the scheme is designed as a pilot, but many of us will already know from our constituency experience of examples of a Crown post office closing down and the service moving into, perhaps, a local newsagent. It is clear that our constituents feel that the quality and range of the service has decreased, even if it is simply because there is less space in the post office area. There is less ability to take in wheelchairs—the conditions are more cramped. That is a great concern to our constituents.

Lorely Burt (Solihull) (LD): I congratulate the hon. Lady on securing this important debate. There is great potential for a more flexible approach to the format of post office that people want. I have one in my constituency that is in a convenience shop. A point has been opened in the shop itself, so people do not have to wait for post office opening hours. The number of open hours is phenomenally greater, so everyone who wants to cash in their lottery winnings goes to the shop. There are great opportunities, and not everyone needs all the services or wants them at specific restricted times.

Katy Clark: There may be some benefits in certain circumstances. The example that I was thinking of is a local one. The small town of Kilwinning in my constituency previously had a spacious Crown post office that was heavily used by the local community. When the service moved into a newsagent, the quality of service experienced by constituents became much worse. However, there may well be other situations that are success stories.

One of the concerns at present is that many of the proposals would actually mean a reduction in the number of hours that postal services will be available in some communities. That is the point that I have put to the Minister. There may be exceptions where the service improves, but my contention, and the evidence from the work that has been done, is that the trend is for the range and quality of services to diminish. The reason for that is the difficulty in making post office services pay, which is why we are having this debate. For public policy reasons, post offices are essential parts of our communities, and we should be finding a framework within which post office success would be most likely.

Related to that, a great deal of concern has been expressed about the network size being affected by the extension of outreach services, which are often provided by a van and often mean a substantial reduction in the hours a postal service is available in a specific community. Instead of having a post office, which would be available all week, a van might come once or twice a week, for a relatively small period. Those vans, or many of the facilities to which the hon. Member for Solihull (Lorely Burt) has referred, often do not provide the whole range of postal services that might have been available in a more traditional post office. I ask the Minister to respond to the considerable concern expressed about the quality of services provided by some outreach services.

The Select Committee on Scottish Affairs, for instance, made submissions to the Government after taking evidence in Scotland on such issues. An extension of such outreach facilities leading to a continuing deterioration of service is a concern. I have to declare an interest, because of the kind of constituency that I represent. I have many remote rural areas in my constituency, in particular the island of Arran, the kind of area for which outreach services are often proposed. As we know from the evidence given by members of the public and by hon. Members, often the view is that the level of service is far less good than that which was previously provided.

Huge concern has been expressed about the universal service obligation and whether a postal service could be maintained in all parts of the country, no matter how remote. What is perhaps more at risk is the continuation of the universal service as a six-day service everywhere and of a uniform affordable price throughout the UK. Can the Minister give an assurance on that continuation and whether there will be legal protection? The proposed legislation, similar to current legislation, allows Ofcom to waive the universal service obligation given exceptional geographic or other conditions. Will the Minister outline when that opt-out would be used? What guidance would be given about when Ofcom is allowed to say that the universal service obligation need not operate?

If the Postal Services Bill becomes an Act, we are creating a legislative framework in which it would be quite possible and highly likely that Royal Mail will move its work in the future. MPs of all political parties are concerned about their local post offices and wish them to survive. I urge the Minster to ensure that we organise our postal services in a way that enables them to have the business to make that a realistic possibility in the future. In particular, I ask that he uses the opportunity of the legislation to ensure that we have a legal framework whereby post offices can continue. There is huge concern that a privatised Royal Mail will operate in a manner that will undermine our post office network. Will the Minister please respond to the points made today and over the past few weeks?

11.23 am

Anne Marie Morris (Newton Abbot) (Con): I thank the hon. Member for North Ayrshire and Arran (Katy Clark) for securing an excellent opportunity to talk about the future of the wonderful post offices that we all love and need and upon which our constituents—in particular, some of our small businesses—are dependent. However, I am surprised that the hon. Lady raised the issue of post offices when the Bill we are talking about and have been debating recently is about Royal Mail. The debate is meant to be about Royal Mail, rather than about post offices, but I was encouraged by the response that the Government gave, indirectly, with regard to post offices, effectively guaranteeing that we would be able to retain post offices, which we all value. I was absolutely delighted.

The other measure in the Bill, which the hon. Lady did not mention but which I find exciting, is the concept of mutualisation. It is a huge opportunity.

Katy Clark: There have been many opportunities over the past few weeks to make all sorts of points about Royal Mail privatisation. The debate today is about the implications of Royal Mail privatisation on the post office network. There are genuine concerns. Does the hon. Lady share any of those concerns?

Anne Marie Morris: I thank the hon. Lady for her comment but, to be honest, hearing her discussing the concerns about the future of the post offices was very reminiscent of the concerns felt by Opposition Members under the previous Administration. Our concern in opposition, when there were mass closures of post offices, was that the Government of the day had failed to recognise that such post offices were crucial to communities and were providing a social service as much as anything else.

I am delighted that both parties supporting the coalition Government are determined to ensure that post offices have a bright future. I do not share the hon. Lady's concern about the future of post offices; they are far better off under the new coalition Government than they ever were under the previous Administration.

The hon. Lady made some points about universal delivery, but I am very heartened. It is important. The Government look on it as fundamental and will retain it.

Turning to post offices, we must remember that 99% of the population live within three miles of a post office. In the grand scheme, that is not a bad position to be in. The Government subsidy to non-commercial post offices is currently £150 million, but I am pleased that it will increase to £180 million in the next financial year.

Nia Griffith (Llanelli) (Lab): Is the hon. Lady suggesting that a three-mile access criterion would be sufficient? In other words, as long as someone was within three miles of a post office, that would be acceptable. Is that the sort of network of post offices that she envisages?

Anne Marie Morris: I thank the hon. Lady for her comment. Clearly, we need to have as good access as we can for every individual. Therefore, we need to look at a

[Anne Marie Morris]

good service and a good distribution of post offices. The sort of figures talked about, and where we are now with the number of post offices, will give a good service. What I would like to comment on, and will come to in my contribution, is what more those post offices could do.

Karen Bradley (Staffordshire Moorlands) (Con): I am interested in what my hon. Friend says about the provision of post office services not only to individuals but also to businesses. Businesses in my constituency are concerned about how the post office network can help them in the current economic downturn. Does my hon. Friend have any thoughts on that?

Anne Marie Morris: My hon. Friend makes an excellent point. When we are looking at our small micro-businesses to lead the drive to put the economy back on its feet, post offices have a key role. In my constituency, in the village of Broadhempston, there is a delightful situation. Local volunteers run a small community shop—absolutely an example of the big society—in which they have effectively ensured that the post office can be retained. The challenge—the point made by my hon. Friend—is to ensure that we can grow that service. The shop currently opens in the morning between 9 and 12, but if it opened in the afternoon, it would really be able to offer services to local businesses. I have been looking at that and championing it. Looking at such post offices being able to support small businesses must be the way forward; my hon. Friend's point is extremely well made.

Post offices are at the heart of the community. With regard to concerns expressed in all parts of the Chamber, post offices need to be able to provide more, not less, to individuals and to small businesses. Indeed, the Federation of Small Businesses has said that it would be an excellent idea to have a dedicated business counter or business advertising. Could not such post offices provide meeting rooms or wi-fi hot spots? As discussed, we could be moving towards providing banking facilities.

The opportunity for post offices is enormous, and I am delighted that they have that opportunity. The big society and the overall push to help small businesses should make that opportunity a reality. Nineteen per cent. of small businesses visit post offices on a daily basis, and 47% visit twice a week. That is excellent news. As I said earlier, mutualisation could be the way to make things possible. I have found a real will to work together in the community, whether that is the business community or the community within a geographical area. Mutualisation is a real opportunity and it may be the solution to the position in Broadhempston.

Sheila Gilmore (Edinburgh East) (Lab): I am a supporter of mutualisation. Many people, however, are concerned that from mutualisation comes demutualisation. Would the hon. Lady be in favour of building a way of preventing demutualisation into any plans for mutualisation, as far as that is possible? People are wary of mutualisation given some of the experiences of the past 20 years concerning building societies and other mutual organisations.

Anne Marie Morris: I understand the hon. Lady's point, but the devil is not in the legislation but in the detail and particular circumstances. I am not a great believer in regulating and legislating; I believe in the free market. It is right to empower communities and businesses, but not to tell them how to do what they do.

In conclusion, I would be delighted to see the Government look carefully at what post offices can do, and then empower them so that it happens, perhaps by looking at how we can improve the number of Government services in post offices. At the moment, people cannot always sort out vehicle taxation at post offices or pay their utility bills—they might not know that they can pay in a post office because it does not say so on the back of the bill. There are things that the Government could do to ensure that where it is financially sensible, more services are provided through the local post office network. There is much that could be done by the business community, and I commend to the Minister the suggestions made by the Federation of Small Businesses.

11.32 am

Mr Alan Reid (Argyll and Bute) (LD): It is a pleasure to serve under your chairmanship, Mr Dobbin. I too congratulate the hon. Member for North Ayrshire and Arran (Katy Clark) on securing this important debate. We both have rural constituencies that contain islands, and post offices are important in such rural communities.

Post offices are important in the communities they serve. No other retail outlet has such a range of shops that cover the rural parts of the country to the same extent as the post office network. Post offices provide an important social function and assist vulnerable people with help and advice. I am pleased that the Government have recognised that by making a big investment in the post office network, and I am delighted by the guarantee of a no closure programme, which is a complete reverse from the position of the previous Government. During the previous Parliament, debates such as this happened practically every fortnight as hon. Members tried to stop post offices being closed. This debate takes place in a completely different atmosphere as we have a Government who recognise the importance of post offices and back that up with investment.

For post offices to stay open, not having a closure programme is not enough. It is essential that as small businesses, post offices remain profitable for the sub-postmaster or sub-postmistress. Changing lifestyles mean that what was once one of the core businesses of post offices—people taking their pension book to collect their pension—is no longer so important. When people retire, they are more likely to have their pension paid directly into their bank account, as that is what currently happens to the vast majority of people of working age. Therefore, it is inevitable that business will decline. One postmaster put it to me succinctly when he said, "Many of my customers are dying off." When people retire they do not collect their pension at the post office to the same extent, and that service must be replaced by other Government work.

It is essential that Departments, the devolved Administrations, local government and public bodies give work to post offices. Otherwise, in the long term we will see a gradual decline. There is no immediate threat to post offices, but unless the Government provide commitments to more work, in 10 or 20 years' time we will see the gradual decline of post offices.

I am pleased to note the Government's stated policy of giving more work to post offices, but it is vitally important that every Department follows that policy with action. Often, giving a contract to the Post Office will cost more than giving it to another provider, but that is because of the social benefits of post offices. Post office staff will take time to explain things to vulnerable people and give them help and advice that they would not often get in a supermarket or filling station. One can imagine the impatient queue at a filling station if people wanted to pay for their petrol but the assistant was taking time to give advice to an elderly person. Such advice is provided in a post office, but I cannot see it happening to the same extent in a filling station or supermarket. I hope that Departments will not be tempted to save money from their budgets by taking contracts from the Post Office.

Graham Evans (Weaver Vale) (Con): I agree with what the hon. Gentleman says but when it comes to the crunch, sometimes a local post office will close, no matter how unfortunate that is. One of the biggest areas of growth is in supermarkets, whether metro stores or small stores. If a new supermarket contains a post office, would that not keep some of the services, even if they are in a supermarket?

Mr Reid: I agree with my hon. Friend; there is no problem with a post office being located in a supermarket and I was not saying that was a bad idea. My point is that a different type of outlet—PayPoint, for example—could be in a filling station but not in a dedicated post office that is part of a supermarket or filling station. In such situations, a person will not receive the same help and advice as they would in a post office located in a supermarket. I have no problem with a post office being located in another outlet—in my constituency, almost every post office is within a shop, filling station or supermarket. However, I would be concerned if the contract for benefit cheques was given to PayPoint, for example, because if an elderly person is in the same queue as people who are waiting to pay for their petrol, they might not receive the same quality of advice and help. A post office in another outlet is great, but if the facilities are simply part of that other outlet they will not offer the same social benefits to the customer.

The benefit cheque contract of the Department for Work and Pensions is for paying pensions and benefits to vulnerable people who are considered unable to use the Post Office card account. That contract was put out for renewal by the previous Government and I understand that the Post Office and PayPoint have bid for it. I hope that once the DWP has weighed up all the factors involved, including social factors and access criteria, it will keep the contract with the Post Office. PayPoint has a large number of outlets, including in my constituency, but nearly all those outlets are in towns and it does not have the same coverage throughout rural areas and islands as the Post Office.

If the contract were taken away from the Post Office and given to PayPoint, it would mean that on several of the islands in my constituency, there would be nowhere for people to cash the cheques. Also, in the rural areas of north Argyll, there would be nowhere for people to cash their cheques, because although there are plenty of PayPoint outlets in Oban, once people go outside Oban, they have to go all the way to Ballachulish or Inveraray to find another PayPoint outlet. It is therefore very important both for social reasons and for access reasons that the contract remains with the Post Office. I hope that the Minister will go away from today's debate and knock on the door of the Secretary of State for Work and Pensions to tell him just that.

David Mowat (Warrington South) (Con): Does my hon. Friend agree that it is extraordinary that the Government on the one hand are giving much-needed subsidies to the network—£1.3 billion over four years; £50,000 per location per year—yet on the other hand are taking away some of the contracts? No other shareholder or business would act in that way. It just is not joined up.

Mr Reid: I hope that the Government will not react in the way that my hon. Friend fears. I share his concerns, however. What worries me—I hope that these fears are ungrounded—is that there may be silo thinking within the Government. Clearly, in these very difficult financial times, with Departments having to make huge savings, it must be very tempting for Ministers to go for the cheapest contract, but I hope that they will resist that temptation, that there will be joined-up thinking in the Government and that the Post Office will be given work because of the good service that it provides. I hope that that will be the case for social reasons and because of the access provided by having a network that is unmatched throughout rural Britain and on many of the islands in my constituency.

Let us consider other Government work. When I tour my constituency, as I do every summer, one bone of contention that keeps cropping up in the rural parts of it is vehicle excise duty. Vehicle excise duty can be renewed only in certain post offices. I understand that that is because the Department for Transport decided the number of outlets that it wanted. However, it means that people living in rural areas must go into the town if they want to renew their car tax at a post office. Clearly, the temptation, then, is to use the internet, and if people do that, the work is lost to the Post Office completely.

My understanding is that the computer system is the same in all post offices, so there seems to be no reason why vehicle excise duty cannot be paid in any post office. Again, I hope that the Minister takes that point away from the debate and has a word with his ministerial colleagues in the Department for Transport, so that when that contract comes up for renewal, the restriction on the number of outlets can be removed.

I also want to refer to the BBC. As we all know, during the last Parliament, the contract for renewing TV licences was taken away from the Post Office and given to PayPoint. When Ministers are questioned on that, we just get indignant responses that the BBC is not part of the Government. However, it is a public body, and I hope that the Government are explaining to all public bodies the benefits of the Post Office and the Government policy of supporting the Post Office, and are encouraging the BBC and other public bodies to use the Post Office.

I was delighted with the commitment given during last week's Report stage of the Postal Services Bill by the Under-Secretary of State for Business, Innovation

[Mr Reid]

and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey), who is responsible for postal services, that Post Office Ltd and Royal Mail would sign an inter-business agreement for the longest legally permissible period before they become separate companies. That is important to give post offices time to adapt to being part of a separate company from Royal Mail.

I do not share the concerns of the hon. Member for North Ayrshire and Arran about Royal Mail in the long run taking business away from post offices. I do not believe that supermarkets or other shops could replicate what the post office does. Post office staff undergo a tremendous amount of training. There is also the computer system. One of the hon. Lady's fears was that in urban areas, supermarkets would take over the contract, but in rural areas the post office would be responsible. That would mean two separate computer systems and training other staff. I simply do not see that happening. As I said in response to a point made by my hon. Friend the Member for Weaver Vale (Graham Evans), I see no problem with post offices being located in supermarkets, but I simply cannot see the benefits to a privatised Royal Mail of having a different arrangement in towns compared with rural areas. Many post offices are located in supermarkets. In the towns in my constituency, that is the norm and I see no problem with it, but I simply cannot see a situation in which there would be separate arrangements in towns and villages.

Nia Griffith: The hon. Gentleman has mentioned training, the quality of post office staff and the different reception that people may have in supermarkets and garages. Does he not think that it is precisely that type of thing that makes it possible for supermarkets and high street chains to undercut the price that the Post Office will probably be tendering at, and that therefore there is a real danger that the Royal Mail could switch to a cheaper option, which might be a much poorer-quality service? It may even be a loss leader for some of the big chains.

Mr Reid: I simply do not see that happening, because those organisations would have to develop a computer system and train staff. At the moment, in the towns in my constituency, the post offices tend to be located within supermarkets. I do not see any benefit to Royal Mail or a supermarket from developing its own system rather than encouraging a post office to be located in the supermarket.

Neil Carmichael (Stroud) (Con): I thank my hon. Friend for allowing me to speak. I find that exactly the opposite happens in connection with supermarkets. When I was fighting to save a post office near my own home in my constituency, the real problem was that Tesco did not want a post office on its premises because it took up too much space. We had to move the post office and have a community arrangement a few doors down. The essential problem is that supermarkets will not necessarily want a post office on their premises. I therefore agree entirely with my hon. Friend that the post office network is safe and the relationship that it has with Royal Mail will continue.

Mr Reid: I am grateful to my hon. Friend for his intervention. I agree: I think that the post office network is safe. The attitude of the supermarkets in his constituency and mine just shows the diversity that we have in Britain. He mentioned space. One thing that my constituency does not lack is space; there is plenty of it, but I can understand that in a crowded urban area, the situation might be very different.

The reason why I came along to the debate this morning was to say that what is very important to the long-term future of our post offices is more Government work and the Government acting in a joined-up fashion, with all Departments being encouraged to give work to the Post Office. I hope that the Minister, in his reply to the debate, will assure us that that is what the Government are doing, that there is joined-up thinking in the Government and that work is in progress to ensure that more Government work is given to post offices, because post offices are in an ideal position to be a front office for Government throughout the country.

11.48 am

Lorely Burt (Solihull) (LD): The hon. Member for North Ayrshire and Arran (Katy Clark) has rightly initiated this debate today. It is important that we ensure that the Post Office is protected and that legislation such as the Postal Services Bill does not have an undue effect. She asked many pertinent questions of the Minister and, like her, I look forward to hearing the answers.

Having worked for some years on issues within the remit of the Department for Business, Innovation and Skills, under its various names, I have attended numerous statutory instrument Committees whereby the Government of whom the hon. Lady was a supporter put in subsidies year after year to support the Post Office. That was absolutely right. However, what happened under the previous Government was that they managed a decline. The very important social value of the Post Office has been recognised. Nevertheless, it has not necessarily been given the legs to be able to compete in a changing business situation in this country.

The new coalition Government are taking a different approach to the Post Office. We have no less desire than the Labour party to ensure the Post Office's future, but we are trying to adopt a different approach to enable the Post Office to stand on its own two feet. Several hon. Members have mentioned the £1.34 billion that the Government have committed to protect the network of 11,500 post offices, which we have said will remain. That is considerably better than managing the Post Office's decline. We do not want any more post office closures. We want the Post Office to remain in public ownership, unless it goes for mutualisation itself.

The hon. Lady mentioned the inter-business agreement at a little length. The chairman of Royal Mail has said that such an agreement will be drawn up for the maximum legal period before any sale. My hon. Friend the Member for Colchester (Bob Russell) raised the issue in a new clause for the Postal Services Bill. It was argued at some length that a long period would benefit the Post Office, and I totally agree. Where I perhaps disagree, however, is on the practicalities. We are talking about an agreement between two commercial companies, which need the flexibility to negotiate an inter-business agreement that benefits both; if it does not, it will not necessarily hold

together. There was also some discussion of how such an arrangement could be implemented, and the conclusion was that it would not necessarily work well under existing EU law.

The hon. Lady mentioned the post bank, and I, too, was disappointed that we did not go down that path. However, we have secured the ability for people belonging to virtually every bank in the United Kingdom to conduct transactions. That is a very good second best, which will at least make sure that the banks start to play ball and respond to the need to be more flexible in conducting their financial transactions.

What about the Post Office's future? My hon. Friend the Member for Argyll and Bute (Mr Reid) mentioned some of the losses that we have seen, as well as some of the potential losses. A little while back, the Post Office card account went out to competitive tender. Lord Mandelson, who had just been appointed Business Secretary, stopped that straight away. I thought, "Brilliant." We really cannot afford to lose the Post Office card account in that way. Like my hon. Friend, I hope that it will continue.

Sheila Gilmore: The hon. Lady mentions the Post Office card account, and those who are active in promoting financial inclusion have suggested that introducing more functions into the Post Office card account might be one way of assisting people who do not have access to mainstream banking. Another issue, which is much discussed, and about which I have heard a lot of discussion since I arrived in the House in May, is the possibility of linking credit unions with post offices. I have to say that there has been more discussion than actual tying things down, and I understand that there are cost issues, but does the hon. Lady agree that those two additional functions would be useful for post offices and contribute to the financial inclusion agenda?

Lorely Burt: I certainly agree that it is important that we extend the range of services available to people who do not have a traditional bank account, and the Government are actively considering how that can best be done. I certainly applaud the work of credit unions, although I am not entirely sure whether they have sufficient coverage and continuity to form a national service at this stage. However, the Government are actively considering these matters, and we are doing all we can to reach a practical solution on increasing financial inclusion for those who are unbanked.

The hon. Member for Newton Abbot (Anne Marie Morris) described all sorts of different ways of introducing flexibility, and the Government are fizzing with ideas about how we can be more flexible. We can adapt to the changing commercial landscape and to the internet. My hon. Friend the Member for Argyll and Bute mentioned vehicle excise duty licences, and I am sorry to say that I am guilty of using the internet to renew mine, because it takes five minutes. The point, however, is that there are many other functions that post offices can carry out; they do not have to exist in their traditional format to deliver a postal service to their customers.

I am very hopeful that some of the pilots that are being undertaken will prove successful. It is good that schemes are being piloted, because we can iron out some of the problems that might otherwise ensue. We will take the best ways of responding to the changing landscape. We do not want to continue giving subsidies to the Post Office; we want it to be vibrant, commercial and profitable and to stand on its own two feet.

11.57 am

David Mowat (Warrington South) (Con): I want to add just a couple of quick points to what has been said.

To put these issues in context, there were 20,000 post offices a decade ago; now, there are fewer than 12,000. The Government have committed to keeping 11,500 of those open for the next four years. I do not share the confidence of my hon. Friend the Member for Argyll and Bute (Mr Reid) that the network will be stable for the next decade. Unless action is taken, it will be stable for only the next four years—that is, for the period of the subsidy that is currently going through. Although I welcome the £1.3 billion subsidy in terms of keeping the network open, 7,000 of the 11,500 post offices that remain are loss making. Unless that is fixed, the prognosis cannot be positive. We have 7,000 loss-making post offices, and that is with the inter-business agreement in place. It is worth telling Opposition Members that. The issue is not the IBA, but sustainability over the medium term.

Will the Minister answer two questions? I want to know more about the modernisation programme that will be put in place over the next four years, which involves something like £350 million. I also reiterate the point that Members on both sides have made about joined-up thinking in the Government. It is not sustainable that we are, on the one hand, investing millions of pounds in trying to make the network better, albeit in ways I am not sure I fully understand, while Departments are, on the other hand, tendering business in a way that no commercial organisation would. I have heard EU legislation being used as an excuse, but I do not accept that and think that the argument should be tested. I do not intend to reiterate the types of Government business that are being removed or that could be removed, but it is anomalous that so much work is potentially threatened, while on the other hand we are spending £50,000 per location, per year, to keep post offices open.

[Mr Philip Hollobone *in the Chair*]

I shall be particularly interested to hear from the Minister, in relation to the modernisation programme, about who is accountable for its success and what the measures of its success will be. In particular, what is his estimate of the number of post offices that will be in profit after the four-year period has elapsed? At the moment, the number is 4,000. We are to spend £300 million on modernisation. What number would he, at this stage when the money is being committed, expect to be viable after the modernisation programme? The corollary to the answer to that question is what level of subsidy the Government and the Minister expect to be payable after four years to maintain, for the purpose of argument, 11,500 post offices.

12 noon

Nia Griffith (Llanelli) (Lab): I congratulate my hon. Friend the Member for North Ayrshire and Arran (Katy Clark) on securing this debate on a very important topic. Her worries and concerns are shared by many hon. Members on both sides of the House, as we saw

[Nia Griffith]

from the number who attended and participated on Report in the debate on the amendment to guarantee a 10-year inter-business agreement.

Post offices are at the heart of our communities and are well loved by the people they serve. Hon. Members will remember the postcard campaign lobbying MPs to keep the Post Office card account; many were contacted by more constituents on that issue than on any other, before or since. They received cards from constituents who used Post Office card accounts, and from people who did not have one but who realised the value of the facility to other members of the community and the account's value to the post office network, because of the work it brought in, directly and indirectly, through increased footfall in post offices and increased business for the corner or village shop where the post office was situated.

Consumers and sub-postmasters alike recognise that any drop in post office business or footfall could have an impact on the economic viability of the post office or village shop. Yet the Government are complacent about the potential loss to the post office network of some 37% of its current business. The loss of all or even some of that business will inevitably mean a dramatic reshaping of the post office network on an unprecedented scale. The Under-Secretary of State for Business, Innovation and Skills, the hon. Member for Kingston and Surbiton (Mr Davey) has not explained that complacency. He has hidden behind some potential barriers, which he seems unwilling to try to shift and which may be more a figment of his imagination than a reality. I hope that the Minister will today be able to give us a better explanation for that complacency.

The Under-Secretary did not tell us, either in Committee or on Report, about any detailed work or discussions that have taken place to secure future Royal Mail business for the post office network. There are many ways in which that might be achieved, but I shall concentrate my remarks on three of them, namely the inclusion of a specific number of access points in the Bill, the inclusion of an inter-business agreement in the Bill and other ways of securing an inter-business agreement. In Committee, the Under-Secretary steadfastly refused to consider any mechanism to protect the post office network or the number of outlets where consumers can access post office services. One of the issues that we debated at length in Committee was including in the Postal Services Bill measures to guarantee the number and geographical spread of access points to postal services, which would guarantee the public a number of outlets across the country to post parcels or register letters. Without that guarantee of a specific number of outlets to serve consumers, there will be nothing to stop a privatised Royal Mail from drastically cutting the number of outlets, and limiting them to the larger centres only, whether through high street chains or part of the post office network.

Mr Reid: Under the Bill, Ofcom has a duty to ensure that there are enough access points to meet users' reasonable needs. Surely that is the guarantee. The Post Office will either remain in Government hands or it will be mutualised, so the Government have a role there. The regulator has a role in ensuring enough access points—that is post offices.

Nia Griffith: If the hon. Gentleman looks carefully, he will see that there is much flexibility in the Bill about what can be changed by the regulator and where things can be moved to, so the guarantee is not robust.

Returning to putting more robust access criteria in the Bill, if that does not happen consumers will have to travel much further to access Royal Mail postal services, and inevitably those who have least access to transport will miss out—those who do not have cars and those who are served by an infrequent bus service or by no bus service at all. A reduction in the number of access points would also have a negative impact on small businesses in rural areas that make frequent use of the parcel service and whose costs, both in fuel and time, would increase significantly if they had to travel many extra miles to use postal services. There is nothing to stop the Government including in the Bill that vital guarantee for consumers. Only a simple guarantee of a number of access points similar to the current number of post offices would ensure that consumers would continue to have access to the same sort of availability of counter services as they enjoy at present.

Mr Reid: Legislating for a specific number of post offices does not help, because they could all be moved into cities. The problem is writing the requirement for a spread of post offices into legislation. The previous Government's access criteria could, as we know, be satisfied by closing 4,000 post offices, so the difficulty is writing the spread into legislation. No one—neither the official Opposition nor Back Benchers—tabled such an amendment on Report, because devising the formula is impossible.

Nia Griffith: The hon. Gentleman rightly mentions geographical spread, which is important. Provision should be made for it. Perhaps we should look to the Australian model. There it is guaranteed that 90% of the urban population will have a post office within 2.5 km; and almost unbelievably in such a large continent it is guaranteed that 85% of the rural population will have a post office within 7.5 km. If they can manage that in Australia, we could introduce a guarantee that is much more robust than what we now have. The irony is that, if Deutsche Post were to purchase Royal Mail, consumers here could have a reduced service, while they contributed to the profits of a company which must provide a specified number of outlets in its own country. In other words, we could have a poorer service here, while propping up a better service in Germany—a scenario we might associate more with 19th-century colonialism than modern Britain.

The Under-Secretary did not give convincing answers on Report about what exactly the legal obstacles are to the inclusion in the Bill of a guarantee of an inter-business agreement. He did not tell us about any legal precedents on which he was drawing, or what research his team has done on any relevant challenges in EU law.

The Under-Secretary has also failed to tell us about options outside the Bill itself. Currently both Royal Mail and the post office network are in public ownership. Both the chief executive and the chairman of Royal Mail speak favourably of the post office network. They recognise the respect it commands, the trust it enjoys in our communities and its value as a business partner. What, therefore, is preventing the signing of a new inter-business agreement now, while Royal Mail is still

in public ownership? I am not now talking about a new clause in the Bill, but a new business agreement: an agreement that goes beyond the end of the current inter-business agreement, which could run out within a couple of years of privatisation, depending on the time scale, and that lasts for an additional 10 years. Has the Minister explored that possibility with Royal Mail? What would be the legal difference between an inter-business agreement with just a couple of years to run and one that was to last five or 10 years? Has he sought to capitalise on the warm words of Moya Greene and Donald Brydon about the post office network? Has he had any talks about an extended IBA between Royal Mail and the post office network?

I am sure that the Minister does not need to be reminded that Royal Mail is currently in public ownership. He must realise how serious the loss of business would be to the post office network. Even though any decision by Royal Mail to abandon the Post Office will be taken after privatisation, and therefore will technically not be a Government decision, he knows that the people of this country will not be slow to make the connection between the privatisation of Royal Mail and the demise of their local post offices.

The pity is that the Minister does not seem to want to take specific action. He seems to think that he can rely on warm words to guarantee Royal Mail business for the Post Office, but people are wary of warm words. There have been warm words about no rise in VAT and warm words about no increase in tuition fees—people are becoming very cynical about warm words. No shrewd business person would trust future business security to warm words. Surely, in his enthusiasm to privatise Royal Mail, the Minister has not overlooked the fact that it is currently in public ownership, and that he therefore has every opportunity to influence the way forward and to negotiate a longer IBA, here and now, before proceeding to privatisation.

Indeed, the Under-Secretary told us on Report that the Government

"as shareholders, will ensure that the commitment that Royal Mail made in its evidence to the Public Bill Committee—that it would conclude the longest legally permissible contract before separation—is fulfilled."—[*Official Report*, 12 January 2011; Vol. 521, c. 357.]

I ask the Minister to enlighten us about what talks he or the Under-Secretary have had with Royal Mail about drawing up a longer IBA with the Post Office before privatisation. What was meant by the "longest legally permissible contract"? Is there a legal limit on such a contract? If so, what is it? As I said in last week's debate, purchasers take over existing contracts and responsibilities in all sorts of takeovers, and such arrangements can be long-lasting.

The hon. Member for Warrington South (David Mowat) rightly questions what joined-up thinking has taken place on the subsidy. In our debate on the subsidy on 20 December, I said that the taxpayer is paying a large subsidy to the post office network, of which only 48% is necessary to continue the subsidy that Labour introduced to maintain the operation of the current post office network. We have been told that the remainder includes money to convert post offices to the post office local model, which involves paying the sub-postmaster by transaction, but that has been criticised by the Rural Shops Alliance, which questions why anyone would want to work longer hours for less income. It predicts difficulty in attracting new entrants to the post office local model; indeed, a similar pilot in Linlithgow ended with the shopkeeper saying that it simply was not worth his while to provide post office services.

Taxpayers will rightly ask what is the point of so much taxpayers' money going into the post office network, particularly when they are seeing savage cuts in other services, and given that the Government are doing absolutely nothing to help secure the 37% of post office income that comes from the IBA with Royal Mail.

David Mowat: The Opposition continually talk about the IBA as if it were some kind of nirvana. Even with it in place, 7,500 post offices in the network are making a loss. At least the Minister has proposals on fixing that and on modernisation. Do the Opposition have any proposals other than the status quo?

Nia Griffith: Frankly, despite the Government's fine words, the Post Office has no new Government contracts and no new streams of business, and it faces the possibility of losing all its Royal Mail business. Taxpayers will ask why they have to pay for that.

Taxpayers understand the idea of investment that brings returns and the value of business start-up funds, which can help to launch new businesses that subsequently stand on their own two feet, and they accept the need for some subsidy to make the network a truly nationwide service. However, if the post office network does not provide nationwide access to postal services or develop new business streams to improve its viability, the taxpayer may well ask what is the point of allocating £1.34 billion to the post office network. The taxpayer has every right to ask what steps the Minister is taking to ensure that the Post Office continues to do for Royal Mail business that provides 37% of its income.

In its recent report, the Scottish Affairs Committee stated that:

"we recommend the Government take a more proactive approach to facilitating a long and robust IBA, through removing any obstacles: practical, legal or otherwise that may exist. Ideally, a ten year agreement should be reached prior to any sale of Royal Mail. We understand that this may affect the marketability of Royal Mail, but it is essential to the sustainability of Postal Services in Scotland. It is in everyone's interest".

Members on both sides have stressed time and again the valuable social role of the post office, and the Government's recent subsidy allocation suggests that it is a role worth paying for.

Will the Minister say whether concern about the marketability of Royal Mail is the reason for the Government's reluctance to pursue a robust IBA? If so, does he consider potential diminished marketability to be a price worth paying when it comes to guaranteeing the future of 37% of the post office network's business? What analysis have the Government made of the cost of a presumed lower price for Royal Mail with a robust IBA with the Post Office, and the cost of continued subsidy of the post office network? Once Royal Mail is privatised and possibly sold to a foreign owner without a long-term IBA in place, it will be too late to insist on one.

The Government will not be able to insist on Royal Mail using the Post Office. They will not be able to do what Lord Mandelson did. They have the chance here and now. I want to know whether they are going to take it.

12.16 pm

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): It is always a delight to serve under your chairmanship, Mr Hollobone. It is a delight, also, to welcome a debate on the implications for the post office network of the privatisation of Royal Mail, and I congratulate the hon. Member for North Ayrshire and Arran (Katy Clark) on securing it. She introduced the subject with typical courtesy and clarity. I know that her concerns are widely felt, and I want to be as responsive and sensitive to those concerns as I can. I shall try to deal with as many of the points raised in debate as possible; I hope that hon. Members will not mind if I am not as generous as usual in taking interventions, as we have a lot of ground to cover.

The matter has been extensively debated over recent weeks, including during the Committee stage of the Postal Services Bill, the oral evidence session of the Scottish Affairs Committee, the Third Reading of the Bill last Wednesday and at Business, Innovation and Skills Question Time. Indeed, the matter has been aired in a number of forums. I fully appreciate that people are concerned about the future of the post office network. In essence, this debate focuses on that subject, and I shall try to restrict my remarks to that, for understandable reasons.

I start by putting the matter in context. I do not mean the economic context—the fact that the Government inherited the largest peacetime deficit in our history, and that the state is borrowing one pound in every four that it spends and is paying only the interest on the nation's debt, which costs £43 billion each year, or about £120 million a day. That is not entirely relevant, Mr Hollobone, and you would not want me to dwell on it, but it needs to be said. I mean the context that surrounds Royal Mail—the need to invest in Royal Mail, to update it and to make it a business that can compete in an increasingly complex international scene.

As the hon. Member for Solihull (Lorely Burt) said, social change and the way in which people access, exchange and use information are having an impact on post offices and Royal Mail, as has the increasingly competitive nature of the marketplace. In order to get that investment, the Government needed to think afresh about the ownership of Royal Mail. That is widely acknowledged. I put on record the fact that that the previous Government were indeed considering the matter, and introduced a Bill in the Lords. Had they been re-elected, I have no doubt that we would be having a debate in Government time about the future of Royal Mail, but on a different set of assumptions about its ownership.

The context is one of a need for change, and a need for fresh ideas about how to guarantee a strong future for Royal Mail. In that spirit, I do not want to dwell too much on the previous Government's record, but it would be remiss of me not to say that between 1997 and 2010, about 7,000 post offices closed, 5,000 of which were in two Government-funded closure programmes in 2003-05 and 2007-09. Government Members should not be expected to take too many lessons from the Opposition.

I do not want to be excessively partisan or to get into an argument about this, but the Government value post offices. We understand their social and cultural value as well as their utility. As constituency Members, we have fought for them to be retained up and down the land, so we have nothing to be embarrassed about in those terms. It is in that spirit that this Government approach the subject of post offices and make it clear there will be no further post office closure programme. That is enough of my partisan points; I just felt that it was important to put them on the record.

Let me make 10 points to kick things off, then I will try to deal with the points that have been raised in the debate. First, the Government have made it absolutely clear that the Post Office is not for sale. Secondly, we recognise that the Post Office is a unique national asset, so there will be no repeat of the closure programmes of the past. Thirdly, we have committed £1.34 billion to the Post Office for it to modernise its network and safeguard its future, thus making it a stronger partner for Royal Mail. Fourthly, the Bill before Parliament proposes to separate Post Office Ltd from the Royal Mail Group, thus allowing the Post Office to focus more attention on developing its business. It also allows for the possible future mutualisation of Post Office Ltd.

Fifthly, under a mutual structure, the ownership and running of the post office network could be handed over to employees, sub-postmasters and communities. Sixthly, the Government are committed to secure a sustainable future for the Post Office and we want it to become a genuine front office for Government at both a national and local level. Seventhly, we will support the expansion of accessible and affordable personal financial services that are available through the post office. Eighthly, we will support the greater involvement of local authorities in planning and delivering local post office provision.

Ninthly, the Government fully share hon. Members' laudable interest in ensuring a strong commercial relationship between Royal Mail and Post Office Ltd, but we do not share the view that legislating for a contract of between five and 20 years is the way to achieve our shared objective. To pick up on the point made by the hon. Member for Llanelli (Nia Griffith), it is not just that that would make Royal Mail less saleable—although it might—but that it would be legally challenged under competition law and possibly internationally, too. I agree that it is important that the arrangements between Royal Mail and the Post Office are as secure as they can be, and I will return to that point and the particular question that she raised in a moment.

Lastly, as the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey), made clear last week, stamps will continue to be issued in the same way.

Anne Marie Morris: I am delighted to hear the Minister's comments about stamps, but I am concerned about those wonderful red pillar boxes and the monogram. Will the Minister confirm that they will also be protected?

Mr Hayes: I was about to say that stamps will continue to bear the sovereign's head, which is right and proper. I hear what my hon. Friend says, and I share her view; it is important that we retain the iconic pillar box with the Royal monogram on. That is something that the Government will consider. I can say no more at this stage, but I know that my hon. Friend will want to take up that point and see what can be done.

In evidence to the Postal Services Bill Committee over recent weeks, there has been strong backing for the separation of Royal Mail and Post Office Ltd. I noted that no one made a case against that today. As I said, it

was, I think, accepted by most Members in this House. They are different businesses that will benefit from focusing on different challenges. In his evidence to the Committee, Richard Hooper of Consumer Focus and Postcomm supported the separation of the ownership of the businesses.

In her evidence to the Committee, Moya Greene, chief executive of Royal Mail, said that it would be unthinkable not always to have a strong relationship between the Post Office and Royal Mail. To underline that point, Donald Brydon, Royal Mail's chairman, pledged in his evidence that before any privatisation of Royal Mail could take place, a continued long-term commercial contract will be in place between the two businesses for the longest duration that is legally permissible—a point that was picked up by the hon. Member for Argyll and Bute (Mr Reid). Such a pledge provides a reassurance about the marriage between the two, which is essential to maintaining the post office network that we all feel so strongly about. This is done not for sentimental reasons, but because it makes good commercial sense. The post office network has an unparalleled reach and a very strong brand. As my hon. Friend the Member for Newton Abbot (Anne Marie Morris) said, we can be optimistic about the relationship. A stronger Royal Mail is more likely to secure the future of many more post offices. If we do not take the necessary radical steps to support and invest in Royal Mail, post offices will be at risk. That is something that we can look to with confidence, based on the belief that post offices not only provide important services, but are at the hub of local communities. The post office in my own village of Moulton, which is run by Gary and Jane, does an excellent job not just providing postal services but as a centre for all kinds of activities in the village. It is a shop, too, and provides a valuable local service.

As a representative of a rural constituency, I understand some of the concerns expressed by other rural colleagues. We heard from the hon. Member for North Ayrshire and Arran that there are concerns about the spread of the network—the universality. Let me make it clear that in terms of universality, the Bill will create a fundamental duty at the heart of the legislation for a six-day per week collection and delivery of letters at uniform and affordable prices. To do that, we need a service that is spread across the whole nation and not a partial service; we are committed to that and I personally feel very strongly about it.

It is important to say that the future success of the post office network will depend on its providing a fuller and wider range of services. I hear what my hon. Friend the Member for Warrington South (David Mowat) says about cost and subsidy. We can deal with that by allowing post offices to do more, thus ensuring that they can be profitable businesses. We are looking at a range of additional services—both local government and national Government services—that post offices can provide. Post offices can act as a front line for those clients or users that need to do things in their community in a way that is accessible and convenient. We are piloting a range of services that post offices can provide and, as a result of this debate, we will look at other things that Government can do to make the post office network more viable, commercial and profitable. I know that my hon. Friend is anxious about that and I understand why.

However, there will always be small rural post offices, perhaps in more remote communities, that will find it very hard to operate without subsidy. I do not have a problem with that. Post offices are so culturally and socially important that we need to take that on board. Certainly, all those that can be profitable should be profitable.

David Mowat: After the modernisation programme, how many post offices does the Minister think will be self-sufficient?

Mr Hayes: As part of the recent £1.34 billion funding package, there is a legally binding commitment to a minimum number of post offices—the Post Office is required to provide a network of at least 11,500 branches. As I have said, there will be no closure programme under this Government. I am confident that many more post offices can be made profitable, but I will not speculate on which post offices will take up which services in which locations; my hon. Friend can hardly expect me to do that.

I have just time to say a word about demutualisation, which was raised by the hon. Member for Edinburgh East (Sheila Gilmore). Demutualisation is not something that we see happening; indeed it will be specifically prohibited.

A better future for Royal Mail means a brighter future for post offices. This Government seek that brighter future and will deliver it; nothing less will do.

Mr Philip Hollobone (in the Chair): Order. I thank all the Members who took part in that most interesting debate and ask all those who are leaving to do so quickly and quietly.

Trailers (EU Proposals)

12.30 pm

Pauline Latham (Mid Derbyshire) (Con): Thank you, Mr Hollobone. It is an honour to speak under your chairmanship.

Although talking about the height of trailers does not sound too exciting, the new proposal from the European Commission to limit the height of trailers to 4 metres will have a detrimental effect on the British haulage sector, on our environment and on every person who uses our already crowded roads. One of my constituents, Robin Allen, contacted me towards the end of last year to ask me to raise the issue in this House, hopefully to stir up some support for our country's hauliers.

Like many people, at first I did not realise the potential impact of the proposed legislation. Of the EU member states, 20 out of 25 have a 4-metre height restriction on trailers for safety reasons. The proposal from the European Commission aims to bring the UK and four other member states into line with the majority. It is my personal view that this proposal demonstrates the unnecessary work of the European Commission, which makes regulations for regulation's sake.

The UK's road infrastructure can accommodate trailers that are up to 4.9 metres high and there is currently no limit in Britain on the height that a trailer can be; the only restriction is whether a trailer can pass under bridges here. People might think that a reduction of 90 cm will not make much difference, but, as the excellent report by Professor Alan McKinnon, "Britain without Double-deck Lorries", demonstrates, this proposal will have a massive impact on Britain's haulage industry.

Professor McKinnon suggests that, if the height of lorries is restricted, haulage companies will have to increase their fleet size just to accommodate the same load capacity, and it will cost an extra £387 million to distribute the same amount of goods. Double-deck lorries, or lorries over 4 metres in height, cost roughly 10% more money to operate than other lorries, due to their size. Nevertheless, it would cost a haulage company more money to have fewer double-deck lorries and to increase the size of its fleet. Any extra cost would inevitably have a huge impact on the ability of smaller firms to remain competitive, thus resulting in cuts in employment in the sector. As there are several haulage firms in my constituency, I am particularly concerned for their viability, given all the other challenges that they face, such as rising fuel prices and the rise in VAT.

Professor McKinnon's research suggests that the proposed legislation would result in a 5.5% increase in the number of lorries on Britain's roads. That would mean more wear and tear on our roads—the previous Government's economic record already makes it difficult to keep on top of that issue. The increase in the number of lorries using our roads and the resulting damage to our roads would lead to more traffic and more traffic jams. In turn, that would mean higher transport costs and higher costs for goods in the shops, along with increased stress and inconvenience for drivers.

Finally, there is the issue of the impact on our environment; it is probably not the main concern of Britain's haulage firms, but in my view it is equally important. If in 2008 we had replaced all double-deck vehicles with single-deck ones, the total amount of fuel consumed since 2008 would have increased from 190 million litres of fuel to 342 million litres, which is an 80% increase in fuel consumption. With carbon dioxide directly linked to fuel consumption, it has been predicted that that increase in fuel consumption would increase CO_2 emissions from 0.5 million tonnes to 0.9 million tonnes a year, which relates to a 5.3% increase in the amount of CO_2 emitted by articulated lorries on British roads.

Although the concerns that I have expressed are paramount, I am also concerned by the way in which the European Commission has conducted itself on this issue. The proposal on page 49 of version two of the working paper of the "FI JPD PE Masses and Dimensions" document is registered for "restricted circulation", and it is not at all easy to track down. In fact, it took a lot of lateral thinking and persuasion by my staff to finally see a copy. It concerns me that, given the impact this proposal will have on British haulage, this document is being hidden away, despite its being well known within the haulage industry.

Perhaps my lack of trust in the openness of Europe is getting the better of me, but I believe that the European Commission would be better able to defend itself if it were completely open with the industry that it is attempting to regulate. An e-mail from the European Commission received by my office states that the document is not ready to be seen outside the working group on the policy. As I have said, the proposal is already well known within the haulage industry, so I ask the European Union to open the discussion to everyone who will be affected by the proposal, to ensure that anything that is developed is in the interests of British companies.

The European Commission's proposal has caused concern among those in the haulage industry, from my constituent, Robin Allen, to the chief executive officer of the Society of Motor Manufacturers and Traders, Mr Paul Everitt, who has stated:

> "The Society of Motor Manufacturers and Traders' view on trailer heights is that limiting them to 4 metres would be detrimental to the vehicle industry, UK infrastructure, environment and economy."

Robert Flello (Stoke-on-Trent South) (Lab): I come to this debate as the chairman of the all-party group on freight transport, and we discussed this issue at our last meeting. At that meeting, there were organisations around the table from across the spectrum, not only from the haulage industry but from the haulage rescue industry, which would undoubtedly see its work load rise under this proposal.

The hon. Lady has made some excellent points. Does she agree that Britain should be at the forefront of fighting against this proposal, saying, "No, 4.2 metres, 4 metres or whatever the European suggestion is for is just ridiculous. It doesn't work for British hauliers and should be opposed at every stage."?

Pauline Latham: I agree that we should be at the forefront of the fight against this proposal, because it would impact so greatly on our haulage industry, which, as I have said, faces so many challenges at the moment. It would also impact on the people of this country, who would pay more for their goods. We are already in a difficult, cash-strapped situation, so we do not want to increase the difficulties not only for the haulage industry

but for every single one of us. I completely agree with the hon. Gentleman's point and hope that the Minister will take it on board.

Time is short, so I will use what time I have left to ask three things of the Minister—for the sake of the British economy, we need to get this proposal right. Before doing so, however, I thank him for his letter of 22 December 2010. First, I hope that the Minister will use his time today to outline his Department's position in relation to the European Commission's proposal. I understand from his letter to me and his comments to the trade press that he and the Department share many of the views of the haulage industry, but perhaps he will put that position on record. Secondly, will he ask the European Commission to make the proposal document available, so that those within the industry who will be affected can give their views? Thirdly and finally, I ask him to write to Government MEPs to ask them to raise the concerns of the British haulage industry in Europe.

Mr Philip Hollobone (in the Chair): I have certainly learned a lot from what the hon. Lady has just said, and I am very much looking forward to hearing the response from the Minister.

12.37 pm

The Parliamentary Under-Secretary of State for Transport (Mike Penning): It is a privilege to serve under your chairmanship, Mr Hollobone. We entered the House together; clearly I have gone one way and you have gone another.

This is a really important debate. I congratulate my hon. Friend the Member for Mid Derbyshire (Pauline Latham) on securing it, so that I can do exactly what she has asked me to do and set out the Government's position. Also, I say to the hon. Member for Stoke-on-Trent South (Robert Flello) that I would love to speak to the all-party group on freight transport and set out the Government's position there, too; I know the all-party group well, just as the haulage industry in general knows me very well.

In the short time that I have been a Minister, I have been trying to set out as quickly as possible the new Government's position on this issue, particularly to hauliers, given the problems that they face. I would love to think that, when the Prime Minister appointed me to my post, he knew that I hold a heavy goods vehicle licence and have done so since I was 17—I was in the military at the time, so I could hold a HGV licence at that age, unlike in civvy street, where someone has to be 21. Sadly, I have never driven an articulated vehicle, although the Stobart Group has encouraged me to do so on its private land; indeed, I will do so in the very near future.

I want to set out right from the start that the Government have absolutely no intention of introducing the 4-metre regulation here; we are fighting it tooth and nail. Yesterday, my officials within this group in Europe attended a meeting, and said exactly that. This is majority vote territory, so we have to ensure that we are not alone, and I am pleased that the information coming back is that other countries with substantial vote clout are indicating that they are not happy either.

It is important that I set out why I am turning around and saying no to my European friends. It is not just that I am a little Eurosceptic, but that the measure would have a fundamental effect on the British haulage industry. Other countries in Europe already have a 4-metre limit—Austria, for example. No vehicle entering that country can have a height of more than 4 metres, which is absolutely fine. The people of Austria have every right to decide that, but they do not have any right to tell us, in this country, what the height of our vehicles should be.

There are a number of key points. We have a system that works perfectly well—it's not broken, so don't fix it. We should not put our hauliers in a disproportionately difficult fiscal position. Environmentally, what are we doing talking about limiting the height and thereby increasing the number of vehicles on our roads? I have absolutely no intention of increasing the weight limit on vehicles, so this measure would immediately cause a problem. My hon. Friend is absolutely right that it would place a disproportionate burden on our industry.

I am carefully considering proposals to extend the length of vehicles by adding more crates to the back of certain vehicles. The issue has split the industry almost 50:50, and I can see the benefits but also the problems for some of the smaller hauliers, whose trailer stock would have to be changed. The industry should not fear that proposal though, because it is common sense to move more products around our congested roads in just one vehicle, which will take more vehicles off the roads altogether.

I have not only set out the position to the industry here in Parliament, but written articles, provided interviews and strongly set out my views, because I want this market-driven industry, which has very tight profit margins, to know not only what is happening on this issue, but how the Government will protect it in the future. Hauliers come over to this country from other European countries with belly tanks on, drive around our roads, pay no taxation and buy no fuel. It is difficult for our industry to compete with that, so we are looking at lorry road-user charges to create a more level playing field. We are committed to bringing in such a charge for trucks, because it will create a better balance.

I am also trying to limit the amount of regulation, so that the industry does not feel that the Government are on its back all the time. If there are bad hauliers out there with vehicles that are not fit for purpose, it is quite right that our police should bring regulation down on them like a ton of bricks. The vast majority of those in the industry, however, play by the rules and do the very best they can, but at the same time they feel that more regulation and more of a burden is placed on them.

As well as being the roads Minister, responsible for the UK freight industry and haulage, I am the deregulation Minister, and I am looking carefully at the regulations that are out there, some of which we have inherited and some of which have come from Europe. We are talking about just one of the measures that Europe has decided to look at, but about four fifths of all regulations that come through the Department for Transport are either EU or internationally led. It is difficult, therefore, to start to deregulate when these things have already been decided. The key is to get in early, to put our foot down absolutely rigorously right at the start and say, "This is the position we're in." To be fair to the Commission, I think that it realises that the measure is not popular and will certainly not get unanimity, and it is starting to learn that not only this country but others will start to kick and push back.

[Mike Penning]

The earlier we push back on regulations from Europe, the better. As I have said, there were meetings yesterday, and there will be more as we go forward, and there is no doubt that the Commission knows this Government's views—it certainly knows mine. My officials have been told in no uncertain terms to ensure that those views are put forward as strongly as possible. The European Parliament also knows my views, and I certainly will be working with it, and hon. Members, and I can spread the good word about where we are through the all-party groups. I hope to write an article on this matter in the next few weeks, to elaborate exactly where we are, not only on this matter but on the enormously important issue of trailer length.

To move forward on this subject, in which I am sure you are very interested, Mr Hollobone, it is important that not only do I do my bit and my hon. Friend does hers but, as constituency MPs, we all do our bit. It is important that I get as much written support as possible, to show that we have, in our armoury, cross-party support in the House. The matter is not new—it has been around since 2005—and I am sure that the shadow teams, even though they quite rightly cannot contribute to the debate today, understand the problems that have been coming through. It is important that the hauliers in my constituency, my hon. Friend's constituency and the constituency of the hon. Member for Stoke-on-Trent South know that we will do everything we can to support them in this and other areas related to the regulatory burden.

Robert Flello: I welcome what the Minister has said today, and I congratulate the hon. Member for Mid Derbyshire (Pauline Latham) on securing the debate.

Taking up the comment that the Minister made at the beginning, I invite him to address the next meeting of the all-party group on freight transport, to set at rest the minds of all the different organisations represented there, and perhaps to discuss issues of great concern and relevance to various organisations out there in the haulage industry, such as the motor insurance database.

Mike Penning: I am more than grateful to accept that offer. I am sure that my officials have heard what has been said and will contact the hon. Gentleman in the near future, so that I can discuss these and the many other issues of concern to the haulage industry. On his point about insurance—something that he is perhaps looking into—there should be no fears around that. The idea is to remove the at least 1.5 million people who drive on the highways and byways of this country when uninsured, and I am sure that the haulage industry wholeheartedly supports me on the importance of addressing that.

The haulage industry needs to supply us with evidence, because it is all well and good my standing up here and our having a debate, but we are not experts in this field. The people in the industry are the experts on these problems, which affect their jobs, and their capacity to do them, every single day. As well as us and the Government saying, "Right, we're going to push back on this," the evidence has to come from the industry itself, so that when other countries in the European Union say that they are pro this—some are—we can have an evidence-based argument, which is absolutely crucial.

The evidence needs to be not only on the costs and the increased distance travelled—there are different figures around, but there would be an increase of about 4.5% in road use, particularly by articulated lorries—but on the effects on CO_2 emissions. One thing that we all want to do is to protect the planet for our young people and for the future, but at the same time we need growth. The last thing in the world that I want, therefore, if I am sweating the assets on the highways, and particularly the motorways, of this country—something we try to do as much as possible—is to see an increase in the number of lorries without an increase in growth. There would be an increase in cost, but not in profitability. We estimate that this would equate to about 151,000 new cars on the road, which, for those who do not know the industry, would cost road haulage about £305 million a year. Figures such as those—our Department produced them in consultation with the industry—are desperately needed. We need to quantify matters and ensure that we have a proper evidence base.

Impact assessments must be done not only for fiscal problems and emissions but for congestion. One thing that I have learned since I took over this portfolio eight months ago is that congestion involves not only pollution but money for the haulage industry. That is why we have announced, as I am sure my hon. Friend knows, that we will remove barrier tolls from the Dartford river crossing by the end of 2012 to allow free flow, so that hauliers do not sit in traffic for 10, 11 or 12 miles. Often, no accident has occurred; it is just that someone is trying to find their money or credit card to pay, while the barriers bob up and down and traffic moves forward. That will open up opportunities enormously for the industry in that part of the world.

I have said to the Select Committee on Welsh Affairs that we will consider whether we can negotiate with the contract holder of the Severn bridge crossing to do the same. I was also on the M6 toll road the other day to discuss whether barriers could be removed there and replaced by number plate recognition. Sadly, legislation would need to be introduced—I hope to introduce it with reference to the Dartford river crossing—to allow us to pursue and find people who refuse to pay the tolls that everybody else pays.

The next step is that the Department for Transport will again meet the relevant heads of responsibilities in the European Commission—as I have said, we met yesterday—and make it perfectly clear that we are more than happy with the status quo and do not want to reduce the limit to 4 metres. We have told the other member states supporting us that we are happy with the status quo. They feel that issues might arise involving cross-border enforcement. That operates perfectly well today; as I said earlier, Austria already has a 4-metre limit and enforces it. That is fine for Austria. We do not need to enforce anything, because there is no limit and we are perfectly happy. We have weight restrictions.

I have alluded to allowing free-flow tolling at the Dartford river crossing. Interestingly, the left-hand bore going north is the smaller of the two tunnels, and when we move to free-flow tolling, there will be issues involving how to move oversize vehicles into the right-hand bore. Free-flow tolling going south will cost money, but it is much simpler coming off the bridge.

[MR CHRISTOPHER CHOPE *in the Chair*]

Because of the size of the regional tunnel—some of us remember when it was the only tunnel available for crossing at that part of the dock—it is absolutely imperative that we consider traffic going north, as there are safety implications. However, we have managed to do it. There are plenty of bridges, tunnels and crossings in this country with height restrictions, and we have pushed hard to ensure that we protect them.

As I said earlier, Mr Hollobone—*[Interruption.]* It is a pleasure to serve under your chairmanship, Mr Chope. I mentioned earlier that if we made the change, there would undoubtedly be pressure on me as a Minister to increase the weight limits in line with other parts of Europe. It is a natural argument to make. If I argue that we do not want more vehicles as a result of the height limitation, the pressure will say, "We have dropped to 4 metres. If you want fewer vehicles, it would be better—wouldn't it, Minister?—to increase weight limits so we can move the same amount of freight around the country on the same number of vehicles." I am not minded to do so. As it is, our roads are struggling to cope with the size of some lorries. Some lorries, often unintentionally, end up on wrong and completely unsuitable roads—we have all seen it; I have seen it especially in the rural part of my constituency—often sent by some satellite navigation device.

There are some interesting ideas about how trailers can adapt for the 21st century without the need to drop the height. For instance, one interesting idea submitted to me is that the payload might be dropped between the two axles in order to get more volume into the trailer on lighter loads. I am considering the extension of trailers, and, as I have said, I will make an announcement pretty soon.

It all falls into place. Margins are tight for hauliers. They are worried, for instance, about the cost of fuel, wages and insurance. This is the last thing that any Government want. I am surprised that Europe is considering such a measure. I do not actually think that that was what was originally intended; I think that it was drifted into. The matter falls into the area of subsidiarity. Europe should not be touching it; it is a sovereign area. However, it is a matter for qualified majority voting, so as much as I would like to stand alone and say that England can defend our shores, unless we carry the support of a significant number of other European Union countries, we will struggle. However, all the evidence that we are receiving at the moment says that we have support, including, interestingly, from France, our closest neighbour, which is also not interested in imposing the 4-metre limit. It looks as though common sense will come forward.

I think that I have exhausted this interesting and important subject and set out the Government's position strongly. I hope that hon. Members here today are listening, as are the industry and the European Commission, and that we can move forward and protect our freight industry and hauliers. I am passionate about the issue.

To declare an interest, I drove HGVs young in life—I was a fireman and, like all firemen, had a part-time job, so I drove HGVs during my time off. We must protect hauliers and ensure that we have a robust British industry of which we can be proud. As the Minister, I am determined to defend it.

Arbroath and Forfar Driving Test Centres

12.56 pm

Mr Mike Weir (Angus) (SNP): I am pleased to appear under your chairmanship, Mr Chope. I am also pleased to see the Minister here. I was a bit worried this morning when I saw the written statement that the Secretary of State for Transport issued on the closure of an office in Cardiff. It starts:

> "The Driving Standards Agency (DSA) is responsible for setting standards and conducting theory and practical driving tests for motorists in England and Wales."

I wondered whether the Government had devolved responsibility without telling us, but I am assured that that is not the case and that the Minister is still responsible for the Scottish centres.

A problem has arisen in my constituency. Last week, the Driving Standards Agency announced the closure of the driving test centres at Arbroath and Forfar. The decision has caused a huge amount of anger among those who are undergoing driving instruction, driving instructors and the general public. That anger stems not only from the effects of the closure on our local communities, but from how the closure was announced.

Actually, saying that it was announced is incorrect. What happened is that the Driving Standards Agency wrote to local driving instructors on 30 December, although many letters were not received until after the new year holiday. At the same time, the DSA sent me a letter with a copy of the first letter attached. The letter informed driving instructors about a wonderful new multi-purpose testing centre to be opened in Dundee in February. Halfway through, the letter casually stated:

> "In line with the opening of this new centre and in keeping with the Agency's Code of Practice I wish to notify you of the closure of the practical driving test centres in Arbroath and Forfar. Arbroath and Forfar test centres will cease to operate with effect from 18 March 2011."

That was the first that any of us had heard of it. No prior notice was given, no consultation was held and, in effect, no public announcement was made; only a letter was sent to driving instructors.

The letter went on to say that those who had booked tests at Arbroath and Forfar centres would

> "be contacted by the Agency to notify them of this change in location."

It is not a change in location; it is the removal of a local facility without any notice or consultation. In effect, those seeking tests will have to sit them in Dundee.

Worse still, the DSA imperiously noted that it did not need to consult on the matter and that the closure would go ahead. That is a ridiculous, high-handed and objectionable way for any Government agency to behave. Surely those affected by such a decision should, at the very least, be consulted before an important local service is removed. The present Government say that they are committed to localism—in fact, the Localism Bill received its Second Reading yesterday—but the way in which they have proceeded is the antithesis of such a policy. Will the Minister get in touch with the DSA immediately and tell it that such a high-handed attitude is totally unacceptable and that it must consult before removing services from local communities?

[Mr Mike Weir]

In Angus, local petitions and a Facebook campaign are already showing the level of opposition to that move. The removal of the driving test centres would have serious implications for Angus. It would mean that only Montrose, which is a part-time testing station, would be left between Dundee and Aberdeen on the east cost of Scotland. All the driving centres in the area already have substantial waiting times, and I will address that point in a moment.

The Driving Standards Agency's own charter for excellence gives a standard of six weeks' waiting time for a driving test, but I am told by local instructors that, at present, the average waiting time in Arbroath, Forfar, Montrose and Dundee test centres is 10 to 12 weeks, while 14 is not unknown. I know that that is the case because my own daughter is learning to drive and, apart from the cost, she will have to wait for a driving test.

At the end of December, tests were being allocated for the end of March, which effectively means a three-month wait for a test. Closure of the Arbroath and Forfar stations will surely exacerbate that problem and lead to even longer waiting times. How does that comply with the agency's own charter? I understand that the Government's charter mark was removed from the agency in 2003 due to its inability to meet its obligations. It seems that, given the waiting times and the charter's terms, it is moving towards the same situation.

The removal of the stations in Arbroath and Forfar would mean that those who have already booked tests for dates after the closure would have to re-book for a test in Dundee and would fall, presumably, to the end of the queue, putting their tests off for at least several weeks. They would also either face further lessons to learn the techniques of driving under very different city conditions on their test route, or take the test at a huge disadvantage; it might be different from what they expected.

The situation is even worse for future learner drivers in the Angus area. At present, a driving lesson in Angus costs in the region of £20 for an hour, which I can confirm because, as I have said, my daughter is learning to drive. The costs are already under pressure due to the escalating price of fuel, which now stands at £1.26 a litre in Brechin, where I live, and to increases in VAT, and they will undoubtedly rise further. Within the hour of a driving lesson, the learner can learn driving techniques that are normal in the area in which they would expect to take their test: Arbroath, Forfar or Montrose. If, however, they now face having to go to Dundee to take the test, they will, understandably, wish to learn to drive in the type of conditions in which they would be taking their tests, which means that they would have to learn to drive mostly in the city of Dundee. Therefore, if they took lessons from a local driving instructor, the driving time from Forfar or Arbroath to Dundee and back would take up the vast bulk of their one hour lesson, giving them very little time to learn within the city area.

The implications for those people are quite clear: they would have to take substantially more lessons, or to book two-hour lessons, which would substantially increase the cost of learning to drive. Few of the young people in my constituency who are learning to drive could afford to pay the £40 to £50 per week that would be required. Moreover, on the test days themselves, as well as paying the fee of £62 for the test, they would incur the costs of three hours' hire of the instructor's car and time. It is a substantial cost just to sit the test.

The implications for local driving instructors would be equally devastating. They are mostly small businesses; indeed, they are often one-person operations. They have to meet increasing costs, as I have mentioned, due to rising fuel prices and VAT, which already impact upon the costs of lessons. Clearly, they would wish to teach their pupils on the types of routes over which they would have to sit their tests, but is it really conceivable that their pupils would be prepared to pay almost double the price currently charged? Many pupils may take the bus to Dundee and receive their lessons from a Dundee instructor rather than a local one, thus devastating their businesses. What is the sense in closing local facilities and imperilling local small businesses? I thought that the Government's policy was to encourage the creation of private sector jobs, but the ridiculous closure decision will have exactly the opposite effect. How on earth can this be justified? It seems to fly in the face of the much-vaunted localism agenda.

David Mowat (Warrington South) (Con): The hon. Gentleman makes an extremely valuable point in relation to the impact on driving instructors whose centres are closed in that way, particularly in Forfar and Arbroath. When the driving test centre in Warrington was closed, there was a displacement of activity to driving instructors in St Helen's, which had a test centre, and that has resulted in a number of Warrington-based driving instructors going out of business. A secondary impact is that the pass rates for Warrington-based students have declined, presumably because they were less likely to be able to practise in those areas in which they would ultimately take the test.

Mr Weir: I thank the hon. Gentleman, who has reiterated my point. There will also be real impacts upon the local community of Angus. Not only will the decision mean, as I have said, that there will be only one test centre between Dundee and Aberdeen—and that a part-time one—but, inevitably, there will be increased waiting times for tests for many constituents. The Minister will also be aware, however, that the type of driving that is suitable for cities—I think that this is the point that the hon. Member for Warrington South (David Mowat) was making—is different from the type of driving that is, or should, be practised on rural roads in areas such as Angus.

I noticed the Minister shaking his head at some of my earlier points on this issue. Although it is undoubtedly true that drivers should be able to deal with any road conditions and situations that they encounter, I am sure that he would agree that it is vital that those who learn to drive do so on the roads that they are most likely to use, especially in the early months of driving. I am seriously concerned that those who learn to drive on the congested city roads may find it a very different experience on country roads. I believe that to be a serious safety issue.

As I said, the Minister shook his head at some of my earlier remarks, but just before Christmas he accepted that argument, to some extent, in relation to motorcycle tests when he announced that they would take place mostly on local roads, not in specialist centres, in order

to deal with the ridiculous situation where motorcyclists in rural areas often had to travel large distances to a test centre. However, the letter that I received from the DSA states that the test facilities in Perth for motorcyclists are also being withdrawn and that they will have to travel to Dundee for the tests. It appears that motorcyclists from highland Perthshire, for example, will have to go to either Dundee or Inverness, which is a long journey either way, for a test. Surely that action goes against the Minister's own announced policy a month ago.

The DSA's actions are even more inexplicable when we look at the pass rates from the various test centres. The hon. Member for Warrington South referred to that point in relation to his own area. In 2010, Arbroath had a pass rate of 61.1% and Forfar 57.2%, while Dundee had a pass rate of only 47.3%. They all administer the same test, so it seems that the driving instructors and examiners in those areas are doing something right, yet they are being rewarded by the daft decision to close the centres.

In its own publicity, the DSA says that it aims to make appointments available within nine weeks, although it gives itself an out by limiting that to 90% of test centres. I submit that that will, in any event, be almost impossible if this centralising proposal goes ahead. The promise under the DSA's "Customer Service Excellence" section to

"make a tangible difference to public service users by encouraging provider organisations to focus on customers' individual needs and preferences"

will raise a hollow laugh around Angus as our facilities are stripped away. What customers want is a local facility that meets local needs.

It is also interesting to note that the agency promotes an eco-safe driving scheme. It states that

"the objectives of this scheme also support the Department for Transport's targets to improve road safety and the environmental performance of transport."

How will it be more eco-efficient to have learners and instructors travelling from all over Angus to take lessons and tests in Dundee? Surely the effect will be an increase in carbon emissions.

Since I secured the debate, I have received representations from many areas of the United Kingdom where similar situations have developed. I understand that some 22 test centres have closed over the past two years and accept that the problem predates the Government. However, the Minister is in post when the Government are trying to close the test centre in my constituency and many others throughout the UK. The Driving Standards Agency seems to have a deliberate policy of closing smaller test centres in favour of large multi-purpose test centres. For all the reasons I have noted, that is a misguided and dangerous proposal for learners, instructors and local communities.

I urge the Minister to undertake an urgent review of the policy and immediately to tell the Driving Standards Agency to halt the proposed closures at Arbroath and Forfar. At the very least, they should ensure that there is a public consultation before any decisions are made. That is the least the general public should expect when an important local facility is under threat. Such a facility would not be removed by central diktat in any other area without a public announcement or consultation with not only the community, but those directly affected by the proposal. This is a totally inappropriate way for any Government agency to proceed.

1.11 pm

The Parliamentary Under-Secretary of State for Transport (Mike Penning): I reiterate the earlier comments I made when you took the Chair, Mr Chope: it is a pleasure to serve under your chairmanship. I congratulate the hon. Member for Angus (Mr Weir). He is doing exactly what I would do if I were a Back Bencher—standing up for his community.

Let us agree on some things from the start. If the waiting list is 10 to 12 weeks—I take the hon. Gentleman's word that that is the case—the centres will not close until they are within the guidelines, which is six weeks. Pre-bookings are an issue. People can pre-book in bulk, which causes a problem. The hon. Gentleman said that there were bookings into March. There will be pre-bookings in cases when instructors can predict that their pupils are likely to be able to take the test at that time. That is why there are pre-bookings. It happens around the country—it happened when my daughter was doing her test just 18 months ago.

There is an issue relating to consultation. However, I must say that I have inherited the Driving Standards Agency code of practice that his Government put into place.

Mr Weir: Will the Minister give way?

Mike Penning: No. I sat and listened, so the hon. Gentleman can listen to me for a few minutes longer and then he can intervene. Let me make my point first. I inherited the current situation. As a result of the distance travelled, the code of practice brought in by the previous Government states that there does not have to be a consultation. I am looking at that issue because I do not think it is acceptable. I am eight months into the job and I have a very large portfolio. I accept that there are issues, but I inherited this situation and I will look at it and see if we can change it. I am happy to do so as long as the hon. Gentleman accepts that his Government were the problem and were closing driving test centres long before I was appointed to my post.

Mr Weir: I do not accept that. I was not a supporter of the previous Government just as I am not a supporter of this Government. I represent the Scottish National party. I accept the Minister's point that he did not introduce the code of practice, but the code of practice exists and he is the Minister. He says he is looking at it, but will he suspend closures until he considers the matter in more detail?

Mike Penning: I humbly apologise to the hon. Gentleman. It was wrong and improper of me to assume that he was a member of the previous Government. It is probably because there has been a coalition in Scotland over the years since I have been in politics. I completely and humbly apologise; it was an insult.

Mr Weir: It was a great insult.

Mike Penning: I have been insulted many times over the years. I am sure we can solve the problem over a pint of beer.

[Mike Penning]

I am not going to do as the hon. Gentleman suggests because I want the Driving Standards Agency to make progress. I shall touch on several points, including those made by my hon. Friend the Member for Warrington South (David Mowat), regarding how we should be dealing with the matter. The issue has nothing to do with bricks and mortar and buildings; it is about the quality of service, the test and the people who are taking the test. I shall work backwards through the issues.

Long before I took over this portfolio, one of the biggest things that worried me as a father and that worries me now as a Minister is that people are being taught to pass a test, rather than how to drive and be safe on the road for themselves and other road users. My daughter is going through the process at the moment—as is the daughter of the hon. Member for Angus—which is difficult and strenuous. I intend to make it more difficult, not because I am picking on young people, or on anyone who is taking their test, but because if we consider the statistics on 17 to 25-year-old people who pass their test—predominantly boys—they are a huge risk to themselves, other road users and their passengers.

A frightening statistic shows that the riskiest thing a lady aged 17 to 25 can do is to sit in the passenger seat of a car with a 17 to 25-year-old boy of any description, whether he is related to the lady or not. That is a frightening thing. The system is not working, so we must look at what the test involves. For someone to say, "That test centre has a better pass rate than that one so it should stay open," is really looking at things from the wrong end of the telescope. We have recently changed the driving test to give young drivers in particular—and other drivers—the skills that they need when they leave the test centre and they are sitting in a car on their own with no one telling them which way to go, and they have not driven the route 100 times with their instructor.

Mr Weir: I do not disagree to a large extent with what the Minister is saying. I agree that there is sometimes a serious problem with young drivers. I accept that a 10-minute independent drive is now part of the test, but does he not accept that if someone learns to drive in a congested city area and they are faced with the country roads of somewhere such as Angus or perhaps his own constituency, they experience very different driving conditions that are perhaps not the appropriate driving conditions? It would be better if they understood the conditions in which they will be driving, at least in the early months of their driving.

Mike Penning: When someone passes their test, there is no restriction at all on where they can drive in the country. Someone can pass their test in Angus, drive to the nearest dual carriageway on their own and go down the motorway. I am also seriously considering how we can give the relevant skills to young drivers who have never driven on a motorway in their life, whether or not someone is sat next to them. At the moment, they can pass their test and go straight on the motorway. We must work on dealing with that.

I am surprised that the hon. Gentleman has not looked at the changes that have recently been made to the driving test. We have dealt with the problem of someone going to an area because they know it. We are not publishing the routes that people take for their test, and instructors will not know what the examiners are going to do. However, I agree that people have to understand how to drive on rural roads, which we have in parts of my constituency as well as in that of the hon. Gentleman, and in urban areas. We must have a situation in which we increase the skill base. I have listened to the instructors in certain areas and they have said, "This will have a detrimental effect because we will have to teach them to go there." That is based on old knowledge and on the fact that we used to publish the routes that examiners would take. We are no longer going to do that. They will not know the routes. People will not only have to be able to drive for 10 minutes without being guided, which is what happens when people have passed their test, but they will not know the routes. The instructors do not know the routes; things will not happen that way.

This a short debate, so let us touch on the important points raised by the hon. Gentleman because I find some of them very worrying, especially his analogy. The reason I changed the motorcycle test is because someone could drive for up to two hours to a test centre and be taken off-road to a piece of tarmac that the Government own to do an off-road test. They could fail the test, yet be allowed to drive two hours back, or whatever the distance is. The test was not fit for purpose, which is why I have reviewed it. The whole test will be on the road, not off-road, and will be done in one go, unlike the present on-road and off-road arrangement. That will give motorcyclists the skills that will enable them to make progress, about which I have been talking in relation to car drivers. The analogy is not there.

As I have said, what is important—I will consider this matter—is that if the waiting list is as great as the hon. Gentleman says and it is blocked, these centres will not close until the capacity can be taken up in Dundee. I give that commitment today. We have to be in that situation. However, I will consider the matter of block bookings by driving instructors who pre-book extensively and block up areas, so that there are no bookings available for other people.

In the short period of time we have for the debate, let us look, if we can, at what the test should be for and see if we can go forward fixated not with buildings, but with service to the community and the people who want to take their test.

David Mowat: I was hoping that the debate would touch on what I regard as the major issue, which is the multi-test centres and other super-test centres. They became the policy of the previous Government because they over-interpreted an EU requirement regarding the motorcycle test. I believe that the Transport Committee, inter alia, pointed out that that was wrong, did not need to happen and was an error, yet the concept of a super-test centre is being pursued. It sounds as though that happened in Dundee and St Helens. One result of that, which the Minister might want to comment on, is that motorcyclists have to travel even further for their test, and further back if they fail it.

Mike Penning: My hon. Friend is absolutely right. The Select Committee, under the previous Administration, had real concerns about how the motorcycle test was fundamentally changed. It felt that the Government

had misinterpreted guidance on kilometres—in English, motorcyclists had to do just under 31 miles an hour. I agree, fundamentally, with the Select Committee, which is why we have broken away from that. We have a pilot at the moment and we have worked with the industry—the testers, the unions and everybody out there—to get a test that I hope is closer to fit for purpose.

There is a fundamental difference, I am afraid, regarding the motorcycle test centres. A plethora of them appeared all over the country. The big problem was finding suitable off-road facilities for part one of the test. I looked at that, and the review looked at it. It was farcical that we spent millions and millions of pounds building pieces of tarmac that, in the near future, we will have to sell off because we do not need them any more.

The key issue and the most important thing, to return to what I was saying, is not the building, the instructors, Members of Parliament or Ministers, but the people who take their test. The test has to be fit for purpose. I am not at all worried about a drop in pass rates, because that would tell me something. For example, quite a few people think that their instructor is a qualified driving instructor—very often, they are not. That is something we need to look at to ensure that the public know exactly who is qualified and who is not. We need to ensure that the test is fit for purpose, and we are doing a lot of work on that.

The next stage is to ask why people who want to take their test have to go to the instructor. Why can the instructor not come to them? The two test centres mentioned earlier, in Forfar and Arbroath, are open two days a week. Why is there not a facility, whatever the demand is, for a tester to go people's community two days a week? Why are we fixated with a Soviet system that means that people have to come to Government so that we can give them a piece of paper that says they can drive? That, to me, is the way forward. Other countries around the world have looked at that and do not have test centres that are physically big. There are test centres where instructors are based, and they then go out into the community. That would alleviate many of the concerns that the hon. Member for Angus has raised today—how far people have to go, the cost to the community, the risk to instructors and so on. Some of that fear is unfounded and I have touched on why, especially given the developments in the test, but I am more than willing to look at whether it is right, in the 21st century, that if someone wants a piece of paper or card that says that the Government say they can drive a car, motorcycle or a lorry, they have to go into a Government building in Dundee, or wherever it happens to be—in my case, in St Albans.

It is fit and proper to look closely at how the DSA works. I accept some of the criticisms. I have already said that I will look carefully at how the consultation process works. I would like to have been told. I apologise to the hon. Member for Angus for not sending him a letter, because I write to everybody when there are closures and I do not know how that one slipped through the net. I also apologise on behalf of the DSA and the Department, because I am absolutely paranoid about writing to MPs when something happens in their constituency. I think that it is very important that MPs are informed. I will look at the guidance on how the code of practice works. It is not difficult to consult on these things; it is difficult to know how far to go, but it is important that we do so. We must not, I stress, be fixated with buildings. Buildings deliver a service that could be delivered in other ways.

Mr Weir: It is not a fixation about buildings; it is a fixation about the service being available in the community. If the Minister can tell me I am wrong I would be delighted to have further details, but what appears to be happening is that the service has been removed from the local community. People will still have to go to a building. That building will not be in Arbroath and Forfar, however, it will be in Dundee, and that will be severely detrimental to the community.

Mike Penning: The hon. Gentleman is right. Under the proposals, that is what will happen. There is not full-time demand in his constituency, so we have a building sitting empty for three days of the week. That is a fact, and I cannot afford to do that in the present situation. Going forward—I stress going forward—the proposals will be developed. It will take time; they will have to be piloted and pushed forward in consultation with the whole of the industry, whether testers or instructors, and relevant MPs, to ensure that there is proper debate.

It must be right that we offer services to the community. That is what this is about. It is not about the buildings, as the hon. Gentleman said, it is about service to the community. At the moment, in his constituency, the service is being taken up on two days a week. That is what I am told. If I am wrong, people should write to me and tell me. The demand may be there, but the centres are not operating for more than two days a week. That is where we are.

Given the cost and the really difficult fiscal situation that we are in, which is the same in Scotland as it is in Wales, Northern Ireland and England, we have to ensure that all assets are being sweated as much as they can be. I will look carefully at the consultation. I will look carefully at the amount of waiting times, but I think I will find a lot of block bookings from the instructors the hon. Gentleman mentioned earlier. If it is a problem of block bookings, we will have to address it. However, if the waiting time is more than six weeks—more than the code of conduct says—they will not close until it is inside six weeks. That is a commitment I give today. What we all want, for all our constituents, is for the test to be fit for purpose, and for people to be able to enjoy the road, no matter what vehicle they pass their test on, so that they are safe for themselves and others. At the moment, I stress that we have a lot of work to do on the test to make it fit for purpose in the 21st century.

Young Carers

1.28 pm

Julian Sturdy (York Outer) (Con): It is a pleasure to serve under your chairmanship for the first time, Mr Chope. I am delighted to have been granted the opportunity to secure a debate on the sensitive and somewhat emotional subject of young carers.

Across our country, it is estimated that 700,000 young people support their mother, father, brother, sister or grandparent as a primary carer. Each and every one of those brave young people has a unique story to tell, and all of them face a range of difficulties as a result of the compassion and love that they show toward their cared-for relatives. As I am sure all new MPs will agree, attempting to visit as many community groups and local organisations as possible was, and remains, a key priority following last May's general election. I was fortunate enough to be invited to visit York Young Carers last October. I shall always remember meeting some of York's most valuable young people. Listening to some of the young carers' stories made me immensely proud to be one of the MPs of our great city of York. I cannot praise highly enough our young cares' courage, compassion and utter dedication to their role.

The visit also opened my eyes to the vast responsibilities that young carers find placed on their shoulders at such a young age. Their wide-ranging roles include providing physical and mental support, organising hospital visits, paying bills, cooking meals, cleaning, organising medication and liaising with social workers. Given that the average age of young carers is just 12 years, it is remarkable that so many have the capacity to care while also studying at school and developing emotionally themselves.

In addition, my meeting gave me a fascinating insight into the tremendous work carried out by the York Young Carers charity, and I know that many other charities across the country do similar things. I take this opportunity to highlight the dedication of the organisation's staff and volunteers. From offering young carers one-to-one support to providing an environment where they can come together to socialise, support one another and share their experience, the charity is an invaluable source of support and stability for the young people.

One of the most important support mechanisms that the charity provides is organising away-day trips. Young carers spend so much of their time acting with the responsibility and maturity of adults that it is important to remember that they are, in fact, just children themselves. By providing trips and away days, charities such as York Young Carers provide welcome relief from the everyday challenges of caring. For a brief period, young carers are allowed to enjoy being children again.

I would also like to draw attention to the "Young Carers Revolution" media campaign set up by York Young Carers to highlight the difficulties facing young carers across the country. A promotional DVD is available on YouTube, and I encourage all interested Members to watch it to see for themselves what young carers go through, and to hear about it through their own words.

Gavin Williamson (South Staffordshire) (Con): I thank my hon. Friend for securing this incredibly important debate. Does he agree that the work of York Young Carers is important because of the great stigma that is often attached to young children who care for relatives? Authorities, whether school or social services, are often not aware of the work that they do to try to support their family. That is why what York Young Carers does is so valuable.

Julian Sturdy: I agree entirely with those comments. The essence of the debate is to try to raise awareness. I shall go into more detail later about the educational side and potential bullying, but my hon. Friend is right that awareness is crucial. It is sad that the work of so many young carers, not only in York but across the country, goes unrecognised. We must remember that, and the essential contribution that they make not only to their own family but to society as a whole.

The national focus of the "Young Carers Revolution" campaign requires us to look at the state of play for young carers up and down the country more generally. In particular, I am extremely worried by research by the Princess Royal Trust for Carers which concludes that one in three young carers face educational difficulties, while two in three experience bullying at school.

There can be no doubt that young carers live under huge pressure. As I have said, their roles and responsibilities are great and many. We must all expect that such unenviable circumstances will, in most instances, have an adverse effect on the time and ability of young carers to contribute fully to their educational studies. With a young carer's first priority being the relative for whom they care, it is only right that schools and education providers understand and are sympathetic to their role. One of the greatest frustrations outlined to me by York Young Carers was that too few people, including some teachers, fully appreciate the pressures, both time-wise and emotionally, under which young carers operate. Sadly, 60% of young carers say that they would not be able to talk to a teacher about their caring role, which I find disappointing.

Given that the research by the Princess Royal Trust for Carers shows that some young carers spend up to 50 hours a week carrying out their caring role in their family home, the subject needs greater exposure. It is essential that schools not only show great understanding towards students who are carers, but take on the role of educating others about the pressures faced by their peers. I know that Members on both sides of the House fully support the "Stand Against Bullying" campaign, and I hope that the Minister will be able to commit Government support to those who are working hard to challenge negative attitudes in our classrooms. It is simply unacceptable that two out of three young carers are subject to bullying, and I would welcome his thoughts on how central Government, in conjunction with local authorities and schools, can work in a co-ordinated manner to tackle that form of harassment.

On the academic side, I urge all schools and colleges to provide additional learning support to known young carers who may struggle with their grades as a result of their responsibilities. I am concerned that a childhood of care can sometimes lead to limited options for the individual concerned as they move into adulthood. It would be a tragedy if that were to prove to be the case, so I would like universities and employers to take a more informed view when being approached by those

who have spent a sizeable part of their learning years operating as carers. Ensuring accessibility to education, higher study and employment for young carers is vital.

As well as educational difficulties, young carers face struggles relating to additional social support and financial assistance. Less than a month ago—it might seem longer to some Members—the country was celebrating Christmas, a wonderful festive season. As a father of two young children, I know how important it is to families and children, yet it is at that time of year that the plight of young carers can be captured most vividly.

Sadly, more than one quarter of young carers had to wrap their own Christmas presents, and one in five found Christmas day tougher or sadder than the rest of the year because support services are reduced and family finances are under greater pressure. For most of Britain's children, Christmas day is an opportunity to relax, enjoy presents, watch TV and share family time, but more than one third of young carers spend more than six hours carrying out their caring role on Christmas day itself. The chief executive of the Princess Royal Trust for Carers stated:

"Many of the young carers we surveyed wished for their family member to get better rather than get the latest toy. Sadly for them Christmas is just like any other day."

My purpose in highlighting young carers' difficulties during the festive period is not simply to praise their magnificent contribution, though that would be a worthy enough reason in itself, but to pick up on the amount of support that is available to them. Without question, a number of fantastic social services staff work with young carers across the country, but what worries me is that, on average, it takes four years for young carers to receive any support at all.

Such delays are often a result of fear or embarrassment. Sadly, a culture of fear seems to be prevalent among young carers, and I can absolutely understand why. Asking for help is never easy, particularly if someone fears that their family home may be broken up or disrupted as a result. It is the job of the authorities and the voluntary sector to break the cycle of fear, and I welcome the new national carers strategy commitment to early identification of carers. Such identification and the subsequent focus of support towards young carers are essential.

The recent report commissioned by the Mental Health Foundation in association with the Princess Royal Trust for Carers, "MyCare: The challenges facing young carers of parents with a severe mental illness", found that young carers are at greater risk of isolation than any other youth group. Also, many young carers lack the information to understand a relative's mental health problems, and they disproportionately face their own physical and mental health risks.

I share the sentiments of the senior researcher at the Mental Health Foundation, Dr Robotham, who led the "MyCare" report:

"While there are examples of good practice such as young carers' support groups, much more needs to be done to meet young carers' needs more effectively."

That is an accurate assessment. The work of the York Young Carers charity will, for example, be further enhanced if some of the following report suggestions are implemented locally and nationally.

First, I support the report's suggestion for young carers to be included in discussions of their relative's treatment. Indeed, young carers in York raised that very issue with me when I met them last year. Our young carers often know the most about the cared-for's condition and yet, frequently, they are overlooked by health professionals and GPs. I would be most grateful for the Minister's specific views on that, because it is an important aspect of how young carers are dealt with by the medical profession.

Secondly, as I have touched upon, it is essential that every school has a policy on provision of support for pupils who are young carers. Such a measure would ensure that all teachers and education professionals were aware of the sensitive issues involved.

Thirdly, our health, mental and social services should be encouraged to work together, to be more effective in their offer of support not only to the cared-for but to the carer. I would be grateful if the Minister confirmed whether he has had any discussions with appropriate agencies to promote any such increased co-operation.

Lastly, the issue of funding is of great concern to many carers and related charities. As a firm supporter of the localism agenda and the Localism Bill—sadly, I did not get to speak yesterday, although I was one of the 52 who put in a request to speak—I strongly believe in providing local authorities with greater flexibility about how best to spend their budgets. However, I urge local authorities, including City of York council, to prioritise the needs of young carers highly.

Following the publication of the "MyCare" report, the chief executive of the Princess Royal Trust for Carers stated:

"The aim of this project is to help children's services, education and mental health services to work together to better identify and support young carers, making the little changes to services that can make a huge difference to their lives."

That is a key point in the whole process.

Some of the individual concerns that I have discussed today might seem small or insignificant when viewed alongside the wider social services agenda. However, for our young carers, more recognition from health services, greater support from teachers, firmer guarantees about future support provision and simple understanding from wider society would make their pressurised lives a bit easier.

Having spoken with local experts, agencies and, more importantly, young carers themselves, I believe that the issue could and should attract cross-party consensus and action. Our young carers carry out remarkable work, often in unimaginable circumstances and under tremendous pressure. We must do all we can to promote their cause and to ease their burdens.

Britain's young carers have spent their lives loving, supporting and caring for a member of their family. It is now time that we begin to champion them, and to ensure that each and every young carer has a strong voice and clear access to as much support as possible.

1.43 pm

The Parliamentary Under-Secretary of State for Education (Tim Loughton): It is a delight to serve under your chairmanship again, Mr Chope.

[Tim Loughton]

I congratulate my hon. Friend the Member for York Outer (Julian Sturdy) on securing the debate and on his exceedingly articulate and measured way of making a strong case. I echo most of the sentiments in his excellent speech, which I hope is heard more widely beyond today's not overly crowded Chamber.

I am pleased, in particular, to be here to respond as a Minister. As shadow Minister for Children, I took a particular interest in the subject, and I have met many groups of young carers and the organisations involved with them. I pay tribute to those various organisations, some of which my hon. Friend has mentioned, for their excellent and often unrecognised work in a really important area, which affects many more children than some estimates suggest.

Supporting vulnerable children, including young carers, is, of course, a priority for the Government, which is why I am pleased to have the opportunity to articulate our approach to that subset of young people. Helping to care for a family member is something that many young people are happy and proud to do—it helps them to develop a sense of responsibility and skills that are important in later life. Such young people play an absolutely vital role in their families and in society as a whole, for whom they save an awful lot of money. They deserve our recognition and support. However, inappropriate or excessive levels of caring by young people—even if at their own behest—can put their education, training, social development or health at risk, preventing them from enjoying their childhood in the same way as other children. Too many young carers are trapped in harmful caring roles without much hope of fulfilling their potential. That can be for a number of reasons: they do not recognise themselves as young carers or, if they do, they do not seek help; services are not identifying them as carers; or they fear involving children's services and outside agencies.

That is not, of course, the full picture. Thousands of carers, through admirable resilience and sheer determination, achieve so much despite the odds stacked against them. I have met many young carers, including at the annual young carers festival down in Southampton, which is organised by the Children's Society—in particular, by Jenny Frank, who has devoted so much of her career to helping young carers—and by the YMCA Fairthorne Group. I have attended for most of the 12 years that that incredible festival has been running. I encourage my hon. Friend the Member for York Outer to attend, if he can—it is usually on a weekend in July. I never cease to be impressed by the commitment of the people whom I meet there and their determination to do the best not only for the person they care for but often for other members of their families, such as their brothers and sisters. Some of those young people have done all that and still succeeded at school and gone on to university or successful employment, but not all of them cope so well.

I pay tribute to my hon. Friend for making the issue a priority and for finding time to meet the York Young Carers—I shall certainly look at the group's excellent film on YouTube. As he has said, a new Member is at the call of many organisations wanting to familiarise themselves with new MPs. However, young carers, such as those in my hon. Friend's constituency, have made it clear to me that they want their schools, GPs and the mental health and other health services with which their family members come into contact to be more supportive and more carer aware. My hon. Friend made a good point, which young carers often make to me, about how the doctor, social worker or professional from another agency, who is seeing the parent or whoever is being cared for, often talks over the head of the young person.

If that young person has the day-to-day responsibility, that young person has some very grown-up responsibility placed on them, they know an awful lot about their loved one's situation, and they need to be talked to and involved in the process. That is a common plea, and my hon. Friend is right to highlight the issue. Professionals, therefore, need to be more carer aware. Young carers want professionals to recognise that the young carer, despite being a minor, will often be the responsible person in the house and might understand better than anyone what kind of support is needed and when.

It is shocking that so many young people lose the opportunity to live a normal childhood because of their caring role. Such young people are often hidden from everyone but their families. I agree with my hon. Friend that all of us, including those services I mentioned earlier, need to be mindful of the impact that caring can have on a young person's education, training or employment opportunities. Indeed, that is why providing carers with vital information about the illness or disability that they and their family are coping with and involving them in the decisions about how best to provide care and manage their health is one of the key principles in the carers strategy, "Recognised, valued and supported: next steps for the Carers Strategy", to which my hon. Friend has referred.

I pay tribute to the Minister of State, Department of Health, my hon. Friend the Member for Sutton and Cheam (Paul Burstow), for the speed with which he and his Department, with support from the Department for Education and others in the Government, published the new strategy. I am pleased to say that carers' views, including those of young carers, are very much at the heart of it. If we listened to the views of young carers, it would go a long way to helping them.

I shall take this opportunity to praise the young carers in York for producing their "Young Carers Revolution" media campaign, and for the sterling work that they have done to raise awareness and reach out to young carers. They come to the annual festival and have interesting things to say.

The new carers strategy recognises that there are hidden young carers. It sends out a strong signal that effective support for young carers requires adult and children's services, including health services, schools and the voluntary sector, to work together and prevent young carers from taking on harmful or excessive caring roles. The early intervention grant, worth £2.2 billion a year over the period of the spending review, provides local authorities and their partners with the freedom and flexibility to decide how best to prioritise their resources in accordance with local demand.

The Government strongly believe that such support should be targeted at those children and families who are most in need, and I encourage local authorities to identify appropriate services for young carers and prioritise them. Local authorities can do that by adopting the

"Working together to support young carers" programme, which is a memorandum of understanding published jointly by the Association of Directors of Adult Social Services and the Association of Directors of Children's Services. The memorandum is unambiguous in stating that no care package should rely on a young person taking on an inappropriate caring role. I urge local authorities—including that of my hon. Friend—as does the Government's carers strategy, to consider adopting that memorandum.

All too often, as an Ofsted report highlighted in 2009, services do not work together effectively and young carers fall through the gaps. Training can be an effective way of raising awareness of young carers among professionals who might not otherwise recognise that a young carer is involved. I am grateful for the work done by the Children's Society, the National Treatment Agency for Substance Misuse, the Social Care Institute for Excellence, and others, to train a range of professionals to be more carer aware.

There is already much good practice in this area, and I join my hon. Friend in saluting the dedication of staff—including thousands of volunteers—who through hundreds of young carer projects, mostly in the voluntary sector, provide young carers with the respite and one-to-one support that they need, giving them the opportunity to take part in activities or go on breaks with friends with whom they can share their experiences. Often, young people who find themselves as carers need to get together with other young people in a similar situation who can appreciate, understand and sympathise with the challenges they face at home. It is about having the opportunity to take an evening off to go and see a film with other people, or to go bowling, or whatever. There are lots of interesting projects, largely set up through the Children's Society by Jenny Frank and others, and we have entertained many such projects in this House over the years. They could be something simple that make young carers feel that they are not alone and that other people understand and look out for them.

The voluntary sector plays a vital role in supporting those young people, and I am pleased that through the innovation fund, the National Young Carers Coalition is extending the support that it provides to the whole family. The carers centre in York is another example of a voluntary sector project that provides invaluable support.

It is not for Government to micro-manage and prescribe what is best for local authorities—local authorities should know what is most appropriate for their residents and communities. Practice and approach, however, varies across the country and I am committed to encouraging the sharing of best practice—something that we are often not terribly good at—so that all areas in the country can share knowledge about what works from areas that are doing well. I am pleased that the Princess Royal Trust for Carers, which my hon. Friend has mentioned, will, on behalf of the National Young Carers Coalition, showcase the learning from the innovation fund.

My Department has already made available the interim findings from the young carer pathfinders scheme. It shows that where intensive support was co-ordinated by a key worker and focused around the family, between entry and exit from the project, there was a 35% reduction in the number of young carers in those families, and a 41% reduction in the number of young people for whom caring was having a negative impact.

An improving picture is emerging as more young people are referred to receive the support they need as a result of their parents' mental health or substance misuse problems, and more schools are becoming aware of the support that they need to provide. However, there is much still to do, and a number of families will be facing a range of other complex problems. For example, research highlights that family violence can be an issue at home. That is why I am pleased that on 10 December last year, the Prime Minister announced a new national campaign for families with multiple problems. That campaign sets out to support the most vulnerable 120,000 families, a number of whom will have a young person or persons in a caring role. It represents a new and determined effort to improve the lives of those families and those who live around them. It will trial innovative new approaches to providing tailored support to the whole family where there are complex problems, and it will provide personalised and holistic support to help a family deal with its problems. I look forward to seeing the benefits of that new approach.

From a young carer's perspective, schools are arguably the local service with which they have the most contact and which play the greatest role in helping them. Young carers have told us that they want their schools to be more supportive and understanding about their caring role and education, and I support that. Young carers want teaching staff to recognise that they may need flexible learning arrangements and additional support." That is a major issue, and it comes up when I go to conferences and meet people. Young carers need an understanding teacher who knows the demands on them and can put in a word if, for some good reason, homework is in late or it is necessary to be in telephone contact with a doctor or another professional because a relative has taken a turn for the worse, or whatever. Good practice is for each school to designate somebody in that role, but that does not always happen.

Although many schools have systems in place to support young carers and have a lead person to support them, that does not happen enough. Some schools may like to consider whether a governor should have an oversight role, just as we recommend for children in the care system who have particular requirements. To increase the support available to young carers in schools, the Department for Education is working closely with the Department of Health to provide the National Young Carers Coalition with an e-learning module for teachers and staff as part of the healthy schools approach to help better identify and support young carers.

Another issue that affects young carers—I am aware of the research by the Princess Royal Trust for Carers that my hon. Friend has mentioned—is bullying. Unacceptably, and incredibly, nearly two thirds of young carers are bullied at school. Perhaps they are often late, do not have time to take part in social activities or do not dress in the same way as others. All those things can mark them out as different from their peers. The Government, the Secretary of State for Education and I, take that issue very seriously. It is unacceptable for any child to be victimised, and even more so when they have the responsibilities of a young carer on their shoulders.

[Tim Loughton]

We can be proud of the vast majority of young people, but when bullies are identified we cannot just suspend them for a couple of days and allow them to saunter back into school to torment their victims again. We will put head teachers and teachers back in control and give them a range of tough new powers to deal with bullies. Head teachers will be able to take a zero-tolerance approach and will have the final say. We trust that head teachers will use those powers but I hope they do not have to. By educating young people to appreciate, respect and empathise with the pressures on people who, through no fault of their own, find themselves in an adult caring role, I hope that we can eradicate that completely unacceptable form of bullying.

When bullying occurs, schools need to respond promptly and firmly. They need to apply disciplinary sanctions and work with bullies so that they are held to account for their actions and accept responsibility for the harm they have caused. Schools must also support those who are being bullied and, above all, they must educate bullying out of the school and classroom. All of us in society have a responsibility in that area. I hope that this debate and the other initiatives for young carers, such as the fantastic weekend at Fairthorne manor and the meetings in which we speak to young carers to understand their problems from the sharp end and look at how better we can accommodate them, will raise the profile of this issue, so that more people recognise the particular challenges faced by those young people.

The Department for Education will continue to work closely with the voluntary sector and local authorities to break down barriers to supporting young carers and their families effectively, which is the least we can do. We have a duty as a society to help those people, and frankly it is a false economy both socially and financially not to do that as actively as possible. I congratulate my hon. Friend on raising this subject and putting his case so strongly. I hope that he is a convert, an advocate and an ambassador for the issue of young carers, and that he will ensure that as many people in his constituency—and beyond—are aware of the challenges faced and do their bit to make the role of young carers as easy as possible.

Question put and agreed to.

1.59 pm

Sitting adjourned.

Westminster Hall

Wednesday 19 January 2011

[MR JAMES GRAY *in the Chair*]

Fuel Poverty

Motion made, and Question proposed, That the sitting be now adjourned.—*(Miss Chloe Smith.)*

9.30 am

Chris Evans (Islwyn) (Lab/Co-op): I am grateful to you, Mr Gray, for the opportunity to speak in my first debate in Westminster Hall—this is, I suppose, almost like my second maiden speech.

The topic of the debate has been brought into sharp focus by the fact that the recent cold weather has left many constituents struggling to pay household energy bills. Last December was the coldest on record for 100 years. As a result, every home owner used more energy to heat their homes, resulting in more households falling into fuel poverty.

Fuel poverty is a serious and complicated issue. It is defined as affecting those who spend more than 10% of their income on energy bills. It is caused by unaffordable fuel prices, combined with poor housing stock, which is often characterised by inadequate insulation and inefficient heating systems.

Fuel poverty has more than doubled in the UK since 2003. The "Annual Report on Fuel Poverty Statistics 2010" estimated that fuel poverty affected 2 million households in 2003, and the figure rose to 4.5 million in 2008. Official predictions say that that is only the tip of the iceberg and that the worst is yet to come.

On 16 December 2009, an Ofgem presentation forecast that 6 million households would be in fuel poverty. On 24 February 2010, Ofgem warned the Select Committee on Energy and Climate Change:

"there is a real chance that as we go towards the middle of this decade prices will not only go up but will become fantastically volatile. That is not good news for the consumer"—

quite. Age UK says that, between 2003 and 2009, average household gas bills doubled and average electricity bills rose by 60%. The latest estimate of fuel poverty in the UK shows that more than 3.5 million older people are in fuel poverty. Surely that must be a worry for us all.

Fuel poverty is not spread evenly throughout the UK. Nearly a fifth of households in England, more than a quarter in Wales, nearly a third in Scotland and more than a third in Northern Ireland are in fuel poverty. In Wales, the November 2010 fuel poverty figures showed that 332,000 households were fuel-poor in 2008, and that the figure had risen by 198,000 since 2004, representing a 15% rise. In 2008, 26% of Welsh households were estimated to be in fuel poverty. That is despite measures undertaken by the previous Government to address fuel poverty and to improve the energy efficiency of homes.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): One lesson that we all have to take on board is that the previous Government put too much reliance, especially in the early stages, on cutting energy prices and on the market delivering lower prices, so when the market put prices up, many people went back into fuel poverty. The hon. Gentleman is therefore right to say that it is important that we permanently deal with the energy efficiency of the housing stock.

Chris Evans: Yes, I agree, and I will develop that argument further.

The measures introduced by the previous Government included the winter fuel payment, central heating programmes, which the hon. Gentleman alluded to, and the energy efficiency commitment. All those have played a role in tackling fuel poverty, but their impact has been eroded by the financial crisis and what seem to be annual energy price rises. With rising fuel prices and lower disposable incomes, householders must make a tough decision between heating their homes and paying for other essential household expenses.

David Simpson (Upper Bann) (DUP): I congratulate the hon. Gentleman on obtaining this important debate. He said that 6 million were in fuel poverty, and he mentioned Northern Ireland and that a third of households there are in fuel poverty. Does he agree with organisations such as Action Cancer and Macmillan Cancer, which are concerned that those with cancer-related diseases are more susceptible to the cold weather and that extra focus needs to be put on people with serious disabilities and illnesses?

Chris Evans: I am always happy to take interventions, but the hon. Gentleman has just raised one of the major points I am going to make. I will come to that, thank you very much.

In quite a cynical move, when people were about to celebrate Christmas, British Gas, Southern Electric, ScottishPower, and Scottish and Southern Energy, introduced a price rise. In fact, five of the big six suppliers have now announced increases, which have taken effect, although EDF has announced that it will hold its prices until March 2011. Those increases mean that average annual electricity and gas bills are now £1,239.

In November, the regulator, Ofgem, announced that it was reviewing whether the profits made by the industry were too high, but I have to admit that I am quite sceptical about that review. Since 2001, 18 reviews have been conducted by Ofgem, Members of this House, the European Commission, the Competition Commission and the Government, all of which have had little or no impact on prices.

Tim Farron (Westmorland and Lonsdale) (LD): I congratulate the hon. Gentleman on securing the debate. He is right to be sceptical about those reviews, but will he spend some time talking about those who rely on fuel from sources that are not regulated? In many rural areas, including my constituency, for example, about a tenth or a fifteenth of constituents are on off-mains liquefied petroleum gas or oil supplies. Over the past 18 months, their fuel bills have gone up by more than 100%—they are not regulated at all. Should the Government take steps to ensure that such fuel providers are regulated, just as mains providers are?

Chris Evans: Yes, I agree. I will come to off-mains gas later, but let me just say that fuel poverty is really bad in rural areas, and the hon. Gentleman is right to raise the issue.

The impact of price rises on fuel-poor consumers, many of whom are in low-income households, will be devastating. It is likely to push thousands more people, including many pensioners, into fuel poverty.

As a Welsh Member of Parliament, I am deeply concerned that Wales is one of the parts of the UK that is most badly affected by fuel poverty. Many pensioners in Wales have illnesses such as heart disease and diabetes, and many living in constituencies such as mine are former miners with lung diseases. They often have high fuel bills because of their health problems and need to keep their homes at a much higher temperature than other people. That problem is made even worse in older and poorly insulated houses.

Older people in Wales bear the brunt of increases in fuel prices. In my constituency, there were an average of 41 excess winter deaths between 2003 and 2008. Across Wales, more than 1,700 people die in winter every year as a result of fuel poverty, and that figure is certain to rise.

National Energy Action estimates that about 28% of households in Caerphilly county borough, where my constituency is situated, are in fuel poverty and have to spend at least 10% of their income on energy to keep warm. Some 20% of the population does not have access to mains gas. About 40% of fuel-poor households in Wales are pensioner households, and 28% contain single pensioners—often widows and widowers—who are desperately trying to make ends meet. Those pensioners face a double whammy, because electricity prices in Wales are up to £25 a year higher than in England.

A recent report on fuel poverty among vulnerable groups produced by Consumer Focus Wales found that 75% of those with a long-term illness or disability suffer fuel poverty. Some 62% of those aged 65 and over were concerned about paying their winter energy bills and were also more likely to cut back on their energy use at home to save costs. Across the population, the figure was 54%. What is more, more than 50,000 households in Wales are in debt to electrical suppliers and more than 46,000 are in debt to gas suppliers. It should be pointed out that the report was compiled before the recent energy price announcements.

The hon. Member for Upper Bann (David Simpson) mentioned cancer sufferers, and Macmillan got in touch with me to say that cancer patients, in particular, are struggling to pay their energy bills. According to its research, seven out of 10 working-age cancer patients suffer reduced household income, losing 50% on average. It is estimated that about four in 10 cancer patients of working age do not return to work after treatment.

Higher utility bills are one of the major additional costs that cancer patients face. One in five people with cancer turn off their heating in the winter, even though they still need it on. One in four wears outdoor clothing indoors to stay warm and reduce energy bills. Cancer patients have higher heating bills. In a survey for Macmillan, 59% of respondents said they had used more fuel since being diagnosed with cancer. Three quarters of those said that that was because they felt the cold more, and a similar number said that it was because they spent more time at home after being diagnosed.

A statement by the Secretary of State for Energy and Climate Change on 15 December muddied the waters further. He informed the House that the budget for the Warm Front scheme in England is fully allocated for this financial year. We are told that the scheme is fully subscribed and will be unable to take new applications for the remainder of the current year. The reason is that the scheme has a substantial order book of work, which will take until at least March 2011 to complete.

Essentially, the major problem with fuel poverty is that people who are victims of it do not necessarily know that they are. That may seem a strange statement, but many accept the difficulties they live with. When I worked for the previous MP for Islwyn, Lord Touhig, we prepared for a debate on this topic, and spoke to the secretary of the National Old Age Pensioners Association of Wales to ask what effects fuel poverty had on his members. We were both surprised to discover that members simply accepted that rising fuel prices are a fact of life. When they get cold they simply have to slip on an extra pullover, or heat just one room. Therein lies the great problem with fuel poverty. It can be difficult even for energy companies to identify customers who are fuel-poor.

Albert Owen (Ynys Môn) (Lab): My hon. Friend is making an important point about vulnerable groups such as pensioners. Indeed, prior to coming to the House, I worked with several agencies, including Age Concern, as it then was, to identify them. That is why a universal benefit such as the winter fuel payment is important. For all its flaws, it gets to those people, who are often very proud and do not make claims. They are difficult to get to. All hon. Members should work with agencies to maximise benefit take-up so that people can get the benefits they deserve to help them with fuel poverty.

Chris Evans: My hon. Friend makes an important point. The dignity of pensioners is astounding, but in many respects they do not help themselves, because sometimes they are too proud to claim the benefits they are entitled to. I have said to every pensioner I have spoken to: "If you are entitled to it, claim it." Those people have served this country. Many are veterans. Some people have devoted their lives to industry. If there is a benefit and they deserve it, they should claim it.

Jim Shannon (Strangford) (DUP): Further to the previous intervention, I am sure that the hon. Gentleman knows of similar cases to what happened in my constituency, where, in the area where I live, the temperature dropped to minus 7° C: it went down as far as minus 19° C in other parts of the Province. The cold weather payment helps, but there was also a severe weather payment of £25. We had fluctuations of temperature in my area but there were places where the temperature was below 0° for a period. It seems that the system does not always work to the advantage of elderly people. Does he agree that perhaps the Government should be thinking about clarifying the system and improving it for people who need the payment most, at the time they need it, so that they do not miss out?

Chris Evans: I shall be making a point about the specific targeting of benefits. The severe weather payment is a difficult one, because it is supposed to relate to the

temperature dropping at the local weather centre. It may be difficult to work out who is experiencing low temperatures.

To return to the point I was making, when energy companies target support to customers there should be additional support from the Government. That could be through the sharing of data; alternatively, local authorities and other community groups, which often have a better understanding of where support is needed, could be encouraged to work in partnership with energy companies to deliver energy efficiency programmes to vulnerable groups. Of course, as my hon. Friend the Member for Ynys Môn (Albert Owen) said, putting schemes in place is all very well, but if people do not know about them, the opportunity to assist them is lost. Members of Parliament should be doing much more to publicise the availability of existing schemes and to encourage people to take them up. The complexity of fuel poverty means that there cannot be a one-size-fits-all solution to tackling it. It is important that we look for long-term, sustainable solutions for families in fuel poverty.

One way to combat fuel poverty is to increase the income of many of those who are at risk of falling into the fuel poverty trap. There should be a review of the winter fuel payment and it should be better targeted, to reach those in need. Perhaps the payment should be targeted at the fuel-poor of all ages, including children and young people, those living in hard-to-treat homes and those with long-term health conditions, as well as older people. Another effective and sustainable way to tackle fuel poverty is through improved energy efficiency. The provision of energy efficiency measures and advice must be at the heart of all Government programmes, whatever the colour of the Government, to help vulnerable people to heat their homes adequately.

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Gentleman on a timely debate. He touches on the question of ensuring that every person who is eligible and vulnerable should try to get help from whatever form of warm homes scheme they have in the part of the UK where they live. Does he agree that perhaps we should consider upgrading the scheme, to target the older properties that he referred to earlier, which are particularly hard to heat, so that elderly and young people can have a warm home, rather than an additional couple of inches of roof space insulation, which some schemes offer?

Chris Evans: The point that I am trying to make is that one way to solve fuel poverty is to make sure people do not use so much energy; it brings the price of their energy bills down and they will have a warmer home. They will come out of fuel poverty and will not be in so much danger.

The welfare and public sector cuts that have been announced by the Government together represent a threat to the lives of millions of people. I worry that the number of people in fuel poverty will soar over the coming months as a result.

It is all very well quoting figures, and my telling the House how wicked I think the Government are, but what does it mean to live in fuel poverty? It means that families will have to cut back on essential items to allocate money for rising fuel bills, or will have to turn down their heating, risking their health by increasing the chances of contracting common ailments such as colds, flu or bronchitis. Fuel poverty causes stress in children and adults as well as long-term depression and anxiety. To many individuals and families it can be the main cause of social exclusion, and deteriorating life chances and educational achievement.

I welcome the independent review of fuel poverty targets that the Government have said they will initiate before the end of the year. Making the nation's housing stock more energy efficient should be at the heart of the Government's energy strategy in the Energy Bill. The Government have set out plans for their green deal, whereby loan-funded insulation costs pay for themselves through efficiency savings. However, at the same time, as I have said, the coalition have announced that they are cutting Warm Front funding to a third of its current level. That threatens to leave many fuel-poor households even worse off, because they are likely currently to be under-heating their home, so any savings from improved energy efficiency will be taken in additional warmth, and their energy bill savings will not be enough to cover the green deal finance repayments.

Furthermore, some vulnerable customers may be nervous about taking on a fixed charge on their energy bill, despite promises of lower final bills, as that will reduce their option to budget. I fear the green deal is unlikely to be sufficient to help the fuel-poor. That has been confirmed by Age UK, which states that while the Government's plan to have loan-funded insulation costs pay for themselves through efficiency savings

"is likely to benefit mid and high income households, there remains a big question mark over whether it will work for those in fuel poverty."

It is therefore vital that the energy company obligation should meet the needs of the fuel-poor. That is particularly important for the fuel-poor, as in some cases existing heating systems may be inefficient, but the existing carbon-focused schemes mean that it is not possible to install a new more efficient system.

In conclusion, given the pain that is being inflicted on people by energy companies, it should be remembered that, unlike consumer prices, wholesale energy prices are half of what they were in 2008. It is a matter of some urgency that the Government should intervene to curb excessive fuel price increases.

Sir Robert Smith: I certainly agree that the regulator, and everyone, should try to ensure that we have the lowest possible prices, but in tackling fuel poverty we must confront the fact that the underlying pressures of carbon reduction and world energy scarcity mean that we shall have to have a fuel poverty strategy that will cope with higher prices. We cannot just rely on low prices to get us out of the problem.

Chris Evans: As I said earlier, fuel poverty is a complex matter, and there is no magic bullet to solve the problem. We have to consider it in a holistic manner.

If the regulator does not have sufficient power to intervene to prevent huge price increases, the solution is clear. It is time for energy companies to be made to serve society again, rather than the other way round. In February 2010, Ofgem published the findings of its Project Discovery. One of the most radical proposals was to have a central energy buyer, on similar lines to

[Chris Evans]

the old Central Electricity Generating Board. At present, the big six energy companies own most of the UK power plants, which supply the majority of the country's consumers, but a central Government-controlled body could require power plants to sell electricity at fixed rates that would then be sold on to customers, thus bringing an end to the dominance of the big six once and for all.

It is important to remember that fuel poverty is not simply about schemes and programmes. It is a matter of life and death for the many people who are forced to live in cold and damp conditions. We need a new, far-sighted fuel poverty strategy to ensure that fuel-poor households have a decent income and that sustainable energy-saving measures are prioritised.

9.50 am

Guy Opperman (Hexham) (Con): I am grateful for the opportunity to speak in this debate, which is timely and well-intentioned.

Given the harsh weather conditions leading up to Christmas last year, fuel poverty has never been of such concern to the people of Hexham. I represent well over 1,000 square miles of rural Northumberland, and the subject is most important to my constituents. It is no exaggeration to say that many people have to make a straight choice between heating and eating. They are in a difficult situation. If that does not sound primitive enough, NFU Mutual, the rural insurer in my part of the world, found in its annual rural crime survey last year that domestic fuel was sixth on the list of the top 10 items most commonly stolen from homes. The "Crimewatch" scene in Northumberland is astonishing for the number of people who are suffering rural crime with the loss of their fuel.

Although there are ongoing recommendations on how to discourage thieves, this crime wave is something that the country cannot tolerate. Is it something that we can deal with or, in reality, do we need assistance in the March Budget? I certainly hope that we shall get such assistance; I believe that it would be right, because the problem is putting an unacceptable strain on people's incomes.

I have extensively gone through the approximately 20-plus providers of heating oil in rural Northumberland. In excess of a dozen of them are owned by one company. Hon. Members will be amazed to hear that they are all using their old names, and that they are all operating and selling as if they were perfectly independent. Some people have been buying from these companies for 30 or more years. It is only when one starts digging that one realises that there is a significant problem, which affects well over half the population. It is well known that the company behind this is DCC Energy, a Dublin-based provider. The company's fuel oil customers are less able to negotiate a good price, as the cost of oil continues to rocket.

Sir Robert Smith: A more serious problem in the working of the market is that, at times of stress, quite a few of these supply companies say when asked for a price, "We can't give you a price now; it'll be the price on the day that we make the delivery." How can the market work efficiently if people cannot shop around when placing an order? Would the hon. Gentleman like to comment on that aspect?

Guy Opperman: I would: the simple truth is that customers, wherever they are and whatever problems they face, need to shop around. If they do not, they will face the problem that the hon. Gentleman describes, which I and others in Hexham have come across. They will be deprived of the ability to buy fuel on an ongoing basis.

Roger Williams (Brecon and Radnorshire) (LD): The hon. Gentleman raises an important point that affects rural users of heating oil. He will not be surprised to hear that all the companies on a price comparator website were owned by one company—DCC. It is hardly surprising that there is no differential in the prices that they offer, and that customers are unable to make an informed decision.

Guy Opperman: A number of independent organisations in Hexham provide fuel—WCF, Wallace, Par Petroleum and Johnson Oil. Those four are the last independents that supply the area. It is amazing to chart how such companies have been bought up over the years.

What worries me most is that, without a strong local and competitive market, it is a lot easier for companies to hike up prices, delay things and move people on, explaining that they will produce a fair price at some stage or the right price only when they turn up. I am in negotiations with the Office of Fair Trading to ensure that it does investigate these matters. However, the reality is that it needs information from those whom we represent. I therefore urge individual constituents to write to the OFT, bringing such information to its attention, and I am doing so for people in my area that have complained.

Dr William McCrea (South Antrim) (DUP): Many families in Northern Ireland are trapped, as they have no alternative to oil for heating their homes, as gas is not available in many areas.

Guy Opperman: I accept that. Like the hon. Member for Westmorland and Lonsdale (Tim Farron), roughly 10% of my population is being provided by particular companies, with the market narrowing whether or not they like it. We need to help them in whatever way is possible. I hope that the Minister will address that point.

Costs are clearly getting out of control for the residents of Hexham. Fuel is a necessity in a constituency of 1,000 square miles, not a luxury. People do not spend their money on it because they think it would be jolly to go for a drive. Last week, when I filled my petrol tank, I was stopped by the garage owner, who unluckily recognised me and said, "What are you going to do about this?" *[Interruption.]* Yes, I did pay him—a lot of money. I pointed out that we are trying to address the problem. There is much that I hope that the Minister will do.

The trade body has made a statement justifying the price increase. It is long on generalities and short on specifics. I would have liked it long on specifics and short on generalities. I accept that DCC and other companies are perfectly entitled to a fair return, but the market has gone up and people—it matters not where—are at their mercy. That is not right.

Although wholesale costs have increased, the situation has been made worse by the extremely cold weather. Temperatures have been as low as minus 19° in my area. I am worried about the market in my constituency, which gives residents too little choice when trying to find the best price. The price hike is unacceptable, and the Government can do more about that. I hope that the status quo does not continue.

9.59 am

Albert Owen (Ynys Môn) (Lab): It is a pleasure to follow the hon. Member for Hexham (Guy Opperman), who made an important point about off-grid supply. Before I touch on that matter, I congratulate my hon. Friend the Member for Islwyn (Chris Evans) on proposing and sponsoring this debate. Given the time that he has been in this House, tribute should be paid to him for the way in which he has battled with this matter on behalf of vulnerable people—Lord Kinnock and Lord Touhig in the other place also have a strong record on standing up for the vulnerable. I welcome my hon. Friend's contribution.

I pay tribute to the Energy and Climate Change Committee, the report of which many hon. Members must have read. I am a current member of the Committee and cannot take any credit for the 2009-10 Session. It conducted an excellent inquiry into fuel poverty, and two members of that Committee are here today—the Minister himself and the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith). I pay tribute to them for their work and to the organisations and agencies that have worked long and hard to alleviate fuel poverty in our country.

In his opening remarks, my hon. Friend the Member for Islwyn mentioned Macmillan Cancer Support, which is carrying out pioneering work on identifying the hardships that are suffered by people with terminal cancer, and Consumer Focus. I will not make many political points today, but I will enhance some of the points that have already been made.

I am sure that the Minister agrees that the previous Government were right to give such a high priority to fuel poverty. Although the target for 2010 was not met, it was a bold one—to reduce the fuel poverty in England of vulnerable households—and the Government were right to set it. The Committee's 2009-10 report said that average domestic fuel prices pushed the Government off their target. According to the Fuel Poverty Advisory Group, some joint electricity and gas bills went up by as much as 125% during the period from 2003 to 2008. The hon. Member for West Aberdeenshire and Kincardine has said that we cannot rely on just keeping prices down, but we cannot turn a blind eye to such rises either. We need to keep our foot on the pedal and keep the pressure on the energy companies that have been making excessive profits, which is why this Ofgem inquiry is so important. We must continue to work with the Minister, the Government and the devolved Administrations on the matter.

Dr McCrea: Is the hon. Gentleman aware of the appalling statistics on fuel poverty in Northern Ireland? For example, National Energy Action has found that in Craigavon borough some 44% of households are unable adequately to heat their homes. In Magherafelt and Ballymoney, there is 40% fuel poverty. We must not forget that behind every one of those statistics is real human hurt.

Albert Owen: The hon. Gentleman is absolutely right. I was not aware of those specific statistics. The hon. Member for Hexham was right to say that this matter affects not just parts of the country but all the country. We all have semi-rural and rural areas in our constituencies. Indeed, I represent a periphery area, which is something that I shall discuss in more detail later. Such areas face a double whammy in that they also have to get in fuel supplies. Cumbria faces such a situation, so I agree with the hon. Member for South Antrim. What connects us all across the political divide is that we are talking about not only statistics but real people. We are talking about how we can alleviate hardship for people. Indeed it is a common endeavour of all political parties to do that, although we disagree on the mechanisms by which to achieve it.

Earlier, I referred to how it is essential that we work with the devolved Administrations. I have been working with the Welsh Assembly Government on delivering energy efficiency, and they have a good record in that regard. Although provision is patchy across many parts of Wales, there is, as my hon. Friend the Member for Islwyn has highlighted, some good work being done by organisations in the areas of energy efficiency and loft insulation. None the less, we need a mechanism to deal with hard-to-treat properties. Some older rural properties do not even have proper insulation in the foundations, let alone in the walls, windows and roofs.

Guto Bebb (Aberconwy) (Con): When we discuss rural areas, it is right to consider how to deal with hard-to-treat housing. It is also important to consider the fact that average wage levels in rural areas are significantly lower—that is certainly the case in north Wales. As a result, fuel poverty is a larger issue, because a larger percentage of income is spent on heating and housing. Fuel is also more expensive in rural areas. Therefore people in such areas suffer from both low income and high fuel prices, so there is an issue relating to economic development in rural areas and a need to create economic opportunities for people, so that they can enjoy an income level that is sufficient to allow them to meet fuel costs.

Albert Owen: Of course household income is an issue. In areas in which GDP is low, household incomes are not necessarily low; such indicators do not necessarily go together. There are joint incomes in rural areas. Many people feel that they have to have a supplementary income to pay the bills. None the less, the hon. Gentleman is right; in some of the more deprived areas of the United Kingdom, fuel poverty is worse. There are also other factors such as rurality and the problems faced by areas on the periphery of the United Kingdom, which is something that I will discuss later.

I welcome the Ofgem inquiry into the big six, which looked at their price mechanism and their excessive profits, and we must keep up the pressure on the companies. Indeed the Select Committee, of which I am a member, met Ofgem yesterday. A few weeks ago, we spoke to the big six. I make no bones about it: excessive profits are being made and they should be curtailed. We must give

[Albert Owen]

the regulator teeth to bring that about. We have peaks and troughs, and the inquiries always seem to come when the prices are subdued for a period of time and then there are the excessive profits. We have not been able to prove that through the Competition Commission and various other mechanisms, but it does happen and real people are paying the price.

Jim Shannon: One example can be found in Northern Ireland. The oil comes in through Belfast. We have variations in price across the Province. The price for 800 litres of fuel can vary by as much as £20 to £25. The hon. Gentleman has rightly said that it is an obscenity that companies are making excessive profits while people are experiencing difficulties. We need an extensive inquiry and some rules and regulations from the regulator.

Albert Owen: Yes. I will come on to the off-grid as well to provide some balance. I stress that Ofgem is doing a good job, but it needs more teeth. I know that we will have the opportunity to discuss both that matter and how we can beef up the regulator's powers in forthcoming energy Bills.

I am a big supporter of winter fuel payments. The previous Select Committee included that matter in its report, to which this Government provided a response. Some people think that such payments should be modified, targeted or means-tested, but the benefit is a huge success. It is a substantial payment that is easy to claim and easily understood. I believe in universal benefits. As a nation, people contribute to the national pot, so that benefits can be given to people in need. I understand that we need a mixed package of targeted benefits in addition to the universal benefit. This particular benefit has been a huge success, and I am sure that the Minister will confirm that the Government have no intention of changing it. I know that there is a cost element to it, but the benefits far outweigh any negatives in this area.

I realise that there are other Members who want to speak, but it is important to highlight some of the points made by the hon. Member for Hexham about off-grid gas supply—indeed, a number of interventions have been about that matter. Households that are not connected to the gas mains experience a double whammy; many of them are in periphery areas and pay extra money for petrol and diesel, as well as having to pay more for domestic heating fuel. We need to consider that issue. For instance, liquefied petroleum gas is far more expensive than on-mains gas, and we have heard much anecdotal evidence in many debates about the huge rise in price for domestic oil and domestic LPG.

I do not believe that the Office of Fair Trading has been sufficiently proactive on this issue. I heard what the hon. Member for Hexham said about the importance of giving the OFT anecdotal evidence, which is one way forward although it is a cumbersome process. There should be a single regulator to look at gas and electricity prices, and it should consider both the grid and off-grid supply. We should have a single regulatory body, and I ask the Minister to consider that proposal for the future. There should be a single regulator looking at all domestic fuels with a view to regulating the off-grid supply as well as the grid supply, and that regulator should have real teeth and real responsibility to look after the most vulnerable people in our society, which is what the existing regulator was set up to do. In many areas, a huge number of people are not on the grid—in some areas, a majority of people are not on the grid—and they are suffering disproportionately as a result.

As the Minister may know, I have been campaigning on this issue for a long time. However, I have been frustrated by the responses that I have received from the regulator, from this Government and previous Governments, and from the gas distribution networks, agencies and energy retailers. There is no joined-up thinking on this issue—there is a blockage and things just do not happen. People who live within a short distance of gas mains are not connected to them. I am not talking about isolated properties. I am talking about villages of considerable size and hamlets that are close to the gas mains, but there is no incentive for them to be joined up, although to be fair to the Department of Energy and Climate Change the Government have had some schemes, agencies and partnerships over a number of years that have worked on that issue.

The differential between those who pay off the grid and those who pay on the grid is so great that there should be some real investment and a mechanism to provide connection to the grid, so that those people who are not on the grid can have additional choice. Choice is what I am talking about. If people wish to remain off the gas mains, it is a matter for them, but at the moment those people do not have any choice in the matter and are being hammered by domestic oil and LPG prices.

I hope that the Minister will act on this issue. I understand that new developments will need renewable sources of energy built into them when they are constructed, which I fully support—ground source pumps and other measures may be the future. However, we are talking about hamlets and villages that have been off the gas mains for an awfully long time. When coal was cheap, for historical reasons, it was okay for those communities; there was not the disparity that there is now between the price that they paid and the price that those on the mains supply paid. Today, however, because of the lack of regulation and the inability to connect people to the gas mains, there is a huge disparity between those who are on the mains supply and those who are not, and there is a huge amount of extra fuel poverty in those areas that are not on the mains supply. So it is something that we need to work on collectively. I am sure that the Minister will respond to that issue.

I want to make an overtly political point about fuel prices, which concerns the price of petrol at the pump in periphery areas. The extra fuel poverty that I have just referred to was made worse in January, because of the additional 2.5% hike in VAT, which is really hurting people. I am not talking about people who use their cars just for pleasure. I am talking about people who use their cars because there is a lack of adequate public transport in their areas and because they have to take their children to school or to leisure activities on a daily basis and the only means of transport is a larger car. Also, those people work in a communal fashion, as it were, by giving lifts to other people. Those people are paying—

Mr James Gray (in the Chair): Order. We are drifting slightly away from the topic of the debate, namely fuel poverty, and it might be better to come back to it.

Albert Owen: I will certainly bring the debate back to fuel poverty, because petrol is a fuel, people are in poverty and the VAT hike is compounding the problem of the increase in their daily household bills, because they have to pay extra fuel duty on top of paying extra money for the off-mains supply of gas. It is a big issue in my area; people who are already paying additional money for their fuel also have to pay extra for their travelling costs, and as a result their household budgets have been squeezed considerably. That is the point that I am making. It is a serious point about fuel poverty and not just a political point about the VAT rise, although in my opinion that rise could have been avoided. It was a political decision and on top of the duty escalator it has hurt periphery areas the hardest.

I support the Government in looking for a stabiliser mechanism, because the peaks and troughs in prices are too great. I want to see some stability in prices, so that we can hold household bills down. I also welcome the proposals for a freeze on duty when there is hardship. I lobbied for that for a long time, and we achieved limited success under the previous Government. However, we need some stability because of the volatility of the prices. I want to see some sort of stabiliser mechanism, and I also want to see periphery areas receiving some benefit from that mechanism, which is an issue that the Government propose to re-examine. The pilot schemes that the Government are talking about for diesel and petrol are limited to the Western Isles and to St Ives and other parts of Cornwall. I want to see a Welsh and Northern Irish dimension to that programme, to include periphery areas in those regions.

Roger Williams: West Wales.

Albert Owen: And west Wales. I am calling for that extension, because those of us in those periphery areas are paying so much extra for fuel. The argument that we hear about petrol and diesel delivery is the same one that off-grid providers use; they say that they pay an extra amount to deliver fuel to those periphery areas. I do not think that we should be paying that extra amount for fuel in periphery areas.

I hope that the Minister will take that point on board. I am supportive in principle of a stabilising mechanism, although I would like to see how it works in practice. I also want to see area rebates extended to Wales and Northern Ireland in addition to England and Scotland, because they will help to alleviate poverty.

The differences between us on this subject are small, although I do not agree with scrapping the Warm Front programme, which was a success. I am not sure about the details of the green deal, but I will support those measures that help to alleviate poverty. As I have said, it was wrong to raise the VAT on petrol and diesel, just as it was wrong of a previous Government to try to introduce VAT on domestic fuel. Governments can disinherit some of these measures. I hear the Government saying now that they have to go ahead with the fuel duty price rise because they inherited it. However, the previous Labour Government disinherited the plans to put additional VAT on domestic fuel, and we are all comfortable with that move now. It was wrong to propose such a rise, which is why we should re-examine VAT and fuel costings.

We need to have a proper regulatory system, and we need to bring Ofgem and the OFT together in a single body when it comes to off-grid supply. That point is important, and I hope that the Minister will take it seriously. I believe in the retention of the winter fuel payment, which is a universal benefit that helps to alleviate fuel poverty. I also want to see an extension to the gas mains, whereby we have a proper, clear way of moving forward and a mechanism that allows people to choose whether to connect to the gas mains.

I am conscious of the time, so I will leave it at that. We have a common endeavour here to alleviate poverty. I know that the Minister, as a member of the previous Energy and Climate Change Committee, is at one with me on that issue, and I look forward to hearing his responses to my points. Finally, I again thank my hon. Friend the Member for Islwyn for securing this important debate.

10.18 am

Dr Thérèse Coffey (Suffolk Coastal) (Con): It is a pleasure to serve under your chairmanship, Mr Gray. I congratulate the hon. Member for Islwyn (Chris Evans) on securing this important debate. He has said that this is his first time in Westminster Hall. I have spoken a few times in Westminster Hall, where I always find the level of debate enlightening. The first time that I stood up to speak in Westminster Hall was in a debate that I secured on fuel poverty, with a focus on rural Britain. It is nice to see some of the same faces again for today's debate, adding new issues for us to consider and re-emphasising the issues that make fuel poverty a constant topic for debate in our constituencies, as my hon. Friend the Member for Hexham (Guy Opperman) has said.

In the debate that I secured, I focused on people off the mains gas grid, concentrating on oil and LPG. I am pleased to say that, as a result of that debate, electricity companies were falling over themselves to let me know what they were doing for my constituents. If this message has not got out I will repeat it now: anyone who does not have access to mains gas is allowed to claim for a dual fuel discount from all their suppliers. The electricity companies made their position on that scheme clear, and if any constituent of mine, or indeed of anybody else, is not taking advantage of that scheme at the moment, they should alert their electricity company to that fact.

Since then, we have also had the oil price spike, and both the Minister and I have homes that are heated by oil. He was already taking action on the matter when it was raised in December, and I commend him for some of the work that he has done, but there is no question in my mind but that the spike has plunged more people into fuel poverty. We are talking about a significant differential of hundreds of pounds between the cost of heating our homes with gas and the cost of heating them with oil or LPG, and I encourage the Minister to think more creatively. I do not want to sound like a socialist, but when the market is not operating efficiently, regulation is at times necessary—or just the threat of regulation might help.

We have already heard stories about prices rocketing; they have now fallen back a bit, but not to where they were in October and November. Some of that is due to the oil price rising. The spikes were of 70 or 80%, although some people say that they were higher. Rises of 50 to 70% were typical in my constituency.

[Dr Thérèse Coffey]

The price has now dropped back to about 62p per litre, from an average, at its peak, of about 72p. Considering, however, that in October the price was about 40p, that is still a significant increase. In my view, if the price of mains gas or electricity leapt by 50% in a matter of weeks, there would be more action than we saw over student tuition fees.

I do want to pay some tribute to the previous Government's Warm Front programme. It would be wrong to dismiss it entirely as it did quite a lot of good but, as I have said previously, I encourage the Minister not to repeat some of its mistakes, because it was inflexible and took no real account of the housing stock. Several of my constituents took advantage of the programme, seizing the opportunity to get more efficient boilers and similar equipment, but they were in properties that were already connected to the gas grid. Most of my constituents who fall under the fuel poverty definition missed out on an opportunity to do something about their heating situation.

The hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) mentioned that housing stock does not seem to be a factor in deciding how fuel poverty measures are applied. It absolutely needs to be, and the green deal is a great opportunity to do that. The green deal has been flagged up as being about efficiency, and I think that initially it over-focused on the insulation of existing houses. Energy companies and the Energy Saving Trust and similar bodies say that a lot of what is planned will be almost irrelevant if we do not all have thermostats in our homes. We can turn down our radiators manually and do other things, but if we do not have thermostatic control the boiler will still generate and consume the same amount of fuel. Prioritising thermostatic control is, therefore, one thing that we need to focus the green deal on.

There is also the issue of the funds available to households. I understand the simplicity of the green deal, and that it will mean about £6,500 for householders, but the plan is that the amount will be the same across the country. Frankly, with urban stock, householders could do a lot of what they wanted—insulation and draught excluding—for less than £1,000, as I did in my house in Hampshire, when I was living there. For about £12, I dramatically reduced my fuel bills, simply because I plugged the gaps that the old walls and doors did not—the change was significant. I am concerned that for my constituents who rely on LPG and oil, it will cost far more than £6,000 to rip out inefficient carbon-based fuel systems and replace them with more energy-efficient heating systems. I hope that the Government take that into consideration when doing their individualised, but hopefully targeted, programme. It would add complexity, but it would make a difference, rather than the programme just being about getting a bit more energy efficiency for the same money.

My hon. Friend the Member for Hexham talked about efficient markets—perhaps oligopolies—developing. I am not suggesting that suppliers in my constituency operate as such, but I am concerned about the efficiencies of the market because they have an impact on pricing. I have written to the Office of Fair Trading and, to my knowledge, it has not acknowledged my letters from over a month ago, which is disappointing. I hope that the Minister thinks about some of the suggestions that the hon. Member for Ynys Môn (Albert Owen) made about the importance to people of energy and of its pricing, and about whether the Office of Fair Trading is the best body to look at this energy sector, given that LPG and oil do not currently fall under the Ofgem banner. Despite my attempts to talk with that body about some innovative social tariff ideas, it keeps saying, "It's not our issue."

Sir Robert Smith: The hon. Lady makes an important point. When Ofgem is dealing with the other energy suppliers, those of electricity and mains gas, it looks at vulnerable customers and the way in which customers are treated, as well as the price of the product. The OFT, however, is far more limited in its powers and, it would appear, in its interests.

Dr Coffey: I agree strongly, and that is why I am keen to see an expanded role for Ofgem. I do not say that lightly, nor do I insist upon it, but I would like the Minister to consider the issue, because it is not going away. It is a fact of life that energy—certainly oil—is becoming more and more scarce.

It has been mentioned that quite a lot of people in this country live less than a mile from grid gas, so should we be considering introducing incentives to use some of the green deal money to get more homes on to the grid? Should we think about encouraging communities? Several communities already come together to do co-operative buying, so is there a way of rolling out best practice in that area? Again, I do not think that the OFT is the body to do that, and aspects of Ofgem could be involved.

I pay tribute to a collection of men who belong to a Rotary group, not in my constituency, but where I used to live in the North West Hampshire constituency. Every week they get together to chop wood and make it into kindling, which they supply to pensioners in the village—my mother is a beneficiary. It is a nice thing that these good people do, and spending £4 a week on a bag of kindling is welcomed by the pensioners. I am sure that the activity provides the men with exercise but, more importantly, it provides them with a sense of well-being and of knowing that they are doing a service. We should encourage good examples of communities working together to ensure that vulnerable people in those communities are well served.

In summary, I want the Minister to think more widely about the oil and LPG market, about its efficiency and how it operates, about how we can get social tariffs into oil and LPG provision, and about Ofgem's role. Most importantly, the flexibility of the green deal is critical in making a difference to the fuel poverty of, and energy efficiency for, those not connected to the mains gas grid. I look forward to the Minister's comments.

10.28 am

Roger Williams (Brecon and Radnorshire) (LD): I apologise, Mr Gray, for not being here at the beginning of the debate because of other duties in the House. I shall take two minutes to mark up some other unfair practices that I believe take place among domestic heating oil suppliers, and which I have tried, unsuccessfully, to address in my constituency.

The Christmas before last, a couple who were moving into a new house and had never used heating oil, found the tank empty. They rang up a supplier and were given a price, which, because they had no understanding or no experience of oil, they accepted. It turned out to be exactly twice the going rate. I tried to take the matter up with trading standards officials, but they felt that they could not intervene. That is an example of unfair trading practices, and I have another from this Christmas when a couple in a very isolated house were asked to pay a £200 delivery charge on top of a very high price for the oil.

To give an example of my own—although I am not suffering—I ordered 2,300 litres of heating oil in October, but when I looked at the delivery note, I saw that only 1,600 litres had been delivered, at a price of about 40p a litre. To my surprise, in December, the company delivered another 1,000 litres of heating oil of its own volition, but this time at a price of about 65p a litre. My area still has the independent suppliers Calor and Watson, but the other four main suppliers are now owned by DCC. The Office of Fair Trading needs to look into that. I have written to the OFT before, and it has said that it cannot take on the issue, but I have now written again, as it appears that DCC has a substantial share of the market and might be in danger of abusing that position.

10.30 am

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I thank my hon. Friend the Member for Islwyn (Chris Evans) for securing this important debate. He made a heartfelt presentation and raised some serious points.

None of us underestimates the increasing challenge of fuel poverty. It is worth reinforcing the figures that many hon. Members have mentioned. National Energy Action estimates that 5.5 million households, or one in five homes, will live in fuel poverty this year, which is the highest number in 15 years. The previous Labour Government made fuel poverty a priority and legislated to end that tragedy by 2016, introducing measures such as winter fuel payments and the Warm Front scheme. For a time, that investment ensured progress—between 1996 and 2004, the number of fuel-poor households fell by 70%, from 6.5 million to 2 million—but the steep energy price rises to which many hon. Members have alluded mean that despite the previous Government's best efforts, the targets for eliminating fuel poverty among the most vulnerable have not been met.

My hon. Friend the Member for Ynys Môn (Albert Owen) has referred to the Fuel Poverty Advisory Group. FPAG's annual report, which was published in July last year, stressed that a typical gas and electricity bill has increased by 125% over the past six years, and uSwitch, the energy consumer group, estimates that homeowners are paying £338 a year, or 37%, more for their gas and electricity than in 2008.

The past few months have squeezed families' budgets to breaking point. We have just had the coldest winter for decades, with further sharp increases in energy prices. The domestic fuel shortage last month showed the difficulty of heating homes adequately in hard-to-reach rural areas. Many hon. Members have also spoken about the additional challenge of unregulated domestic oil supplies and a lack of transparency in pricing systems. Furthermore, the 2.5% increase in VAT and rising inflation will reduce families' spending power even further. This will be an even tougher year for households on fixed incomes, so we must redouble our efforts to tackle fuel poverty.

I welcome the fact that the Minister of State, Department of Energy and Climate Change, the hon. Member for Bexhill and Battle (Gregory Barker) recognised in the House on 11 November that

> "We have to really attack fuel poverty". [*Official Report*, 11 November 2010; Vol. 518, c. 404.]

I agree. It cannot be right that in Britain, one of the world's most prosperous countries, families must choose between buying food or keeping warm. As the hon. Member for Hexham (Guy Opperman) has put it, they must choose between heating and eating. It is vital that the Government match their actions to the scale of their rhetoric.

Before exploring the Government's approach to tackling fuel poverty, I will consider their upcoming consultation and what it might mean for the future. How we define fuel poverty and its causes is key to ensuring that we focus our efforts to tackle it effectively. If the newspapers are to be believed, the Government are still having difficulty identifying someone to chair the review, but we have been told that it will report in the summer. Will the Minister confirm that that is still the case?

One of FPAG's key recommendations in its latest report was that the Government should lay out a clear strategy for eliminating fuel poverty by 2016. Will the Minister confirm that the Government plan to include that in their review? The outcome of the review will shape what action is taken in the future, so it is important that it is fully independent and has full stakeholder engagement.

The Government currently define a fuel-poor household as one that must spend more than 10% of its income to heat the home to an adequate standard. Many of the stakeholders to whom I have spoken are deeply worried that the review's aim is to narrow that definition to such an extent that fuel poverty is virtually defined out of existence. I sincerely hope that that is not the case. Will the Minister give us some clarity and assurance about the consultation's terms of reference? I reiterate that the scale of the challenge must be faced.

It is also important that we examine who is affected by fuel poverty. I am sure that when most people hear the term "fuel poverty", an image of pensioners comes to mind, but Save the Children highlighted in a report last week that many types of family face a poverty premium, which forces them to pay more for basic goods, services and bills because they do not have access to a bank account or cheaper payment methods such as direct debit and lower social tariffs. Save the Children's research showed that one fifth of the poverty premium comes from fuel bills. If low-income families who pay the highest tariffs for gas and electricity were charged the same amount as families who pay by direct debit, they would save an average of more than £250 a year. The Government must adopt a range of measures to tackle the underlying causes of fuel poverty among disadvantaged groups. Fuel poverty extends beyond pensioners.

The Opposition's concern is that the Government are adopting a sticking-plaster approach rather than tackling fuel poverty directly. Hon. Members have said that

[Luciana Berger]

funding for the Warm Front scheme will be cut by two thirds over the next two years. Given that the Warm Front budget for this financial year has already run out, there is clearly need as well as demand for the scheme, and the reduced budget will not cover all those homes that still need new boilers to bring their heating systems into the 21st century.

The Government plan to introduce their warm homes discount later this year as a more targeted way of tackling fuel poverty. However, according to Consumer Focus, only about 25% of fuel-poor households in England will be eligible for the scheme, based on the most recent data. Two hon. Members have mentioned Macmillan Cancer Support's campaign. Will the Minister confirm whether the warm homes discount will extend beyond low-income pensioners to other low-income, fuel-poor households, such as those with children or those where someone has a terminal illness?

FPAG advises that the only long-term and sustainable solution to fuel poverty is radically to improve the energy efficiency of every dwelling occupied by fuel-poor households, as many hon. Members have said. The Government have adopted that approach in their proposals in the Energy Bill for the green deal. The Opposition welcome the proposals in principle and will seek to work with the Government to ensure that their plans are workable and centre around fairness for the consumer. However, FPAG has also noted that the green deal's financial model of measures paid for from bill savings may not be suitable for fuel-poor households, because many in fuel poverty currently under-heat their homes. If the Government are determined to base their approach on replacing Government-funded schemes to tackle fuel poverty directly with market-led schemes, they must ensure that they do not simply withdraw funding, leaving an abyss in its place.

The Energy Bill is starting its legislative journey in the other place, and in a few months' time we will have the chance to scrutinise it in the Commons. However, will the Minister give us some details of how the Government foresee the green deal and the energy company obligation will work specifically to eliminate fuel poverty? I have heard from many stakeholders worried about low levels of green deal take-up among fuel-poor households and hard-to-treat homes, to which the hon. Member for Suffolk Coastal (Dr Coffey) has referred. It is vital that the Government get it right and ensure that the green deal works to tackle fuel poverty. The Minister of State, Department of Energy and Climate Change, the hon. Member for Bexhill and Battle has said that the green deal will be "the game changer" for fuel poverty. I hope that the Minister will be able to give us those assurances and a bit more detail.

On the Government's proposals for electricity market reform, the Opposition acknowledge the need for reform. As the shadow Secretary of State, my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier), said in the House on 16 December, we will support fair and sensible mechanisms for reform. On 10 January, however, in a written answer to my hon. Friend the Member for Glasgow North East (Mr Bain), the Government indicated that the impact of their preferred reform options will hit the lowest-income families with the largest increases, stretching families' budgets even further. I hope that the Government will review that problem as they work through their proposals and ensure that a fair outcome is reached, so that those in fuel-poor homes are not disadvantaged further.

10.39 am

The Minister of State, Department of Energy and Climate Change (Charles Hendry): It is a pleasure to serve under your chairmanship, Mr Gray. I congratulate the hon. Member for Islwyn (Chris Evans) on securing this debate and thank him for the interest that he has shown in this incredibly important issue. It is vital for his constituents, for Wales in general and for the country as a whole. I also congratulate him on the comprehensive way in which he outlined his thinking and his assessment of the challenges that we face. I reassure him from the outset that we share the same objectives. We both recognise where things have not been working, and we are both determined to do better. I look forward to working with him, as we try to make progress on the issues over the coming years.

I have also been encouraged by the contributions of my hon. Friends the Members for Hexham (Guy Opperman) and for Suffolk Coastal (Dr Coffey), and the hon. Members for Ynys Môn (Albert Owen) and for Brecon and Radnorshire (Roger Williams), as well as the extremely constructive contributions of many other hon. Members who have intervened in the debate, during which the full range of issues that affect fuel poverty have been considered. That breadth has made it extremely constructive.

Reference has been made to the Fuel Poverty Advisory Group, and I would like to put on record my respect and admiration for that group's work, particularly the incredibly assiduous work of its chairman, Derek Lickorish, in drawing attention to the issues and how we should seek to address them.

The figures for fuel poverty, which have been set out by the hon. Member for Islwyn, make it clear that the situation in Wales is worse than in much of the UK as a whole. From 2005 to 2008, the number of households in fuel poverty rose from 2.5 million to 4.5 million, and it is estimated by many organisations that today's figure is probably 5 million, so it has doubled over the past five years. In Wales, 26% of households—332,000 of them—are estimated to be in fuel poverty. That figure has more than doubled over the past six years. It is, therefore, absolutely clear that more needs to be done to address the problem. As the hon. Member for Liverpool, Wavertree (Luciana Berger) has said, this is not about rhetoric, but action.

The hon. Member for Ynys Môn talked about the importance of targets. They are important, but every bit as important as a target is a road map—a strategy for how one intends to meet the target. What we have lacked lately is a strategy on how to meet ambitious targets. The hon. Member for Liverpool, Wavertree said that we need action, not rhetoric, and that is exactly what we are determined to put in place. However, given what we inherited on the issue, we cannot continue to pretend that the previous policy was working. We need a different approach and there needs to be much greater urgency in how we address the issue.

Historically, Warm Front has been one of the main vehicles for trying to achieve that. I have no doubt that

Warm Front has done much good work, but it has simply not been up to the scale of the challenge. Between 2008-11, Warm Front spent more than £1.1 billion helping 580,000 homes. In 2009-10 alone, it assisted 210,000 households by introducing 112,000 heating measures and 82,000 insulation measures. That will help to improve the standard assessment procedure rating of those properties from 33 to 66 points on average, which is the equivalent of an energy efficiency rating increase from band F to band D. The scheme has, therefore, been doing a good job on energy efficiency, which has led to average savings of £650 and more in the running costs of those households.

Those are real benefits, but, as other hon. Members have said, particularly my hon. Friend the Member for Suffolk Coastal, they have been dwarfed by the scale of the problem. The Association for the Conservation of Energy estimates that a quarter of the homes supported by Warm Front are in fuel poverty. Therefore, even at the peak of its work, when Warm Front was helping 200,000 households a year, only 50,000 of those were in fuel poverty. Some 5 million homes are estimated to be in fuel poverty, so it would take 100 years, using Warm Front, to deal with the problem. That is simply not adequate.

The vast demand for the Warm Front service has highlighted the problems, which is why we had to announce in December that the budget for this year had been allocated and was fully subscribed and that we could take no new applications in this financial year. We will still help 130,000 households in this financial year, and we expect the 55,000 jobs that are still in the queue to be completed by March. The measure is, undoubtedly, temporary and the scheme will open for new applications from next year. However, Warm Front has clearly not been able to deal with the scale of the problem, and we need a better approach.

Warm Front will continue for the next two years with a budget of £110 million in the first year and £100 million thereafter, as we get new measures that we think are more fit for purpose up to speed. We are consulting on the eligibility criteria, so that we can ensure that, for its remaining period, Warm Front is more targeted on the most vulnerable people, who are likely to be those on income-related benefits. Warm Front will be more targeted on the least energy efficient homes in particular, so that it can be more effective. Alongside that, we are committed to maintaining winter fuel payments, which were planned by the previous Administration, at a higher rate of support this winter.

There were some questions about how the cold weather payment would work, and I am keen to receive more information from the hon. Member for Strangford (Jim Shannon) about his concerns. It strikes me as a particularly well-targeted benefit. It is automatic and based on a postcode approach. When the temperatures in a postcode trigger a payment for those who qualify because of the benefits that they receive, they should receive it automatically. If the hon. Gentleman would like to write to the Department with his concerns, we would be keen to respond to them in more detail to ensure that the scheme is working as effectively as possible.

We are also committed to doing more to work with the energy companies to identify vulnerable customers. The energy rebate scheme has been an extremely effective mechanism. It has matched information from the Department for Work and Pensions about those who are on pension credits with the consumers of each energy company. That has enabled the companies to target those people with an £80 discount on their electricity bills, which has enabled 200,000 households to benefit to the tune of £16.5 million in total, with additional running costs paid by the energy companies themselves. That shows the benefits of the Government and industry working together.

We are determined to build on the success of that scheme through the warm home discount, which will also help to address the issue—this was mentioned by the hon. Member for Islwyn earlier—of hidden fuel poverty for people who do not necessarily come forward. It will require the energy companies to give a greater discount and to target it on the most vulnerable customers, sharing more information about other people who are in receipt of benefits. We expect it to be £140 a year, which almost doubles the discount on electricity bills. We are also looking at how we can spread the breadth of that for low-income families, those with long-term illnesses and those with disabilities, which are issues that have been raised in this debate. We are in touch with Macmillan to try to make this scheme work for those homes with someone suffering from cancer, for whom we all have tremendous sympathy and wish to help as much as possible. The scheme will be mandatory and worth £1.1 billion over four years. We expect it to help 2 million households a year.

Against that background, we also believe that the time is right for a fuel poverty review, and I am grateful for the recognition and support that it has received from hon. Members who have spoken this morning. It will ensure that the available resources are focused most effectively on tackling the problems underlying fuel poverty. It will be an independent review of the target and the definition of fuel poverty. We believe that that is the right place to start. Given the failure so far to meet the targets that have been set, it is right that the target and the definition should be the starting point. Additionally, if we are to have someone truly independent to chair the review, we are keen that they should also help to frame its terms of reference and its priorities. It will be fundamental in helping us to assess what will be the right measures to deal with the challenges.

We have heard a significant amount—understandably so—from hon. Members on both sides of the House about their concerns about the domestic oil market and the liquefied petroleum gas market. I want to make it absolutely clear that we understand those concerns. As a Member of Parliament, this is the largest issue raised in letters in my constituency postbag. As a Minister, it is the largest element of the letters in my ministerial postbag that express concerns to me in the Department. I have no doubt whatsoever that many hon. Members and members of the public do not believe that the market has been working as effectively as it should.

We recognise that many issues can affect prices—refinery capacity, stock levels, distribution costs, retail margins and exchange rates all have a role to play—and we are liaising with the Office of Fair Trading, which has the responsibility to consider any example of market failure. What has struck me in many of the letters that I have received and in the contribution of the hon. Member for Brecon and Radnorshire is the specific—not anecdotal—examples of where things have not worked

[Charles Hendry]

as we would expect them to. I hope that the Office of Fair Trading will consider those matters very carefully. It is currently consulting on its annual plan and on proposals to prioritise markets impacted by high, rising and volatile commodity prices. The Department of Energy and Climate Change supports such an independent assessment of the off-gas grid supply issues for consumers and competition in the relevant markets.

Many issues need to be addressed in this context. However, we also need to consider how we address these matters more fundamentally. There are plans to extend the gas grid, but it is a slow process and we recognise the challenges that exist. That is also why we have attached so much importance to taking forward the work on the renewable heat incentive. We want to encourage those people who are off-gas grid to look at other renewable ways of heating their homes and providing hot water. The renewable heat incentive, on which details will be announced shortly, will be a crucial way to try to deliver on that.

Albert Owen: The Minister is very skilful in his reply. He mentioned the apparent failings of the Office of Fair Trading. Will he consider—I am asking for a consideration—whether DECC will look at the work done by Ofgem on the on-grid and by the OFT on the off-grid? Will he consider the comparisons and think about whether there should be a single body dealing with the matter, because the complexity of making reports to the OFT, which must then do so to the Competition Commission, does not benefit vulnerable people in those areas? I ask him as a DECC Minister to go back to his officials, look at those comparisons and come up with a possible regulator for the off-grid in the future.

Charles Hendry: If the hon. Gentleman looks at some of the speeches that I made when I was the Opposition spokesman, he will see that I raised those exact issues. It has been argued that there are many competitive companies in this area. We have heard about some of the challenges to the market in this morning's contributions. The matter is so important—it is such an enormous part of so many people's household budgets—that we are determined to ensure that we get the policy right. We will consider how the market is working and the role that the OFT can take, which is primarily independent in its ability to assess these matters. We will also look at the role of Ofgem, as we reform its role as a regulator. It is critical that we learn a great deal from the lessons of this winter.

Roger Williams: I am encouraged by the Minister's commitment to engage with the Office of Fair Trading in these issues. The OFT did eventually relent and conduct an inquiry into liquefied petroleum gas supplies. Customers now have greater power to shop around for better supplies of LPG, but they often do not understand what they can achieve by doing so. A publicity campaign could result in real savings for those customers.

Charles Hendry: There is a great deal in what the hon. Gentleman says not just about the benefits of shopping around, but about people understanding the benefits of buying early. The price increase happened extremely quickly. It rose from 40p at the beginning of December to 70p within two or three weeks. More people should be ordering in October and November. I hope that they will not have the experience that the hon. Gentleman had of only getting a partial delivery. We need to ensure that people understand that issue more fully.

The most important change that we need to consider is whether to take a fundamentally different approach to energy efficiency. In this country, we have some of the least energy efficient housing in Europe. From 2012, the green deal, which is part of Energy Bill, will provide the opportunity for householders to take action to improve the energy efficiency of their homes and to protect themselves against energy price rises through greater energy efficiency. We are also introducing a new energy company obligation to replace both the carbon emissions reduction target and the community energy saving programme. That will do more to help the poorest and the most vulnerable consumers and it will offer basic heating alongside insulation.

The key to the green deal is that the consumer should receive the benefit before they have to pay for it. We also hope that it will be of benefit to people who are in private rented accommodation, which is often the most difficult area to deal with. The landlord will no longer have to pay up front to cover the costs because they will be recovered over time from the people living in that property, as a result of a small addition to the Energy Bill. We hope that the landlords will decide to do that work voluntarily, but the Energy Bill will provide powers to require that work to be done, including a new power for local authorities from 2015 to require action to improve the worst performing homes. As the Energy Bill goes through the other place and, ultimately, the House of Commons, we are keen to discuss much of the detail and to ensure that we deal with the matter in the most effective way possible.

Sir Robert Smith: The hon. Member for Suffolk Coastal (Dr Coffey) raised the fact that a lot of the early talk about the green deal related to measures such as the physical insulation of the home. Has there been any discussion with suppliers about expanding the green deal or working with installers to put more efficient equipment into the home? Is there any way that that can be integrated into the green deal?

Charles Hendry: The golden rule with the green deal is that the saving has to be greater than the long-term cost. Accordingly, measures can be considered—for example, more efficient boilers and thermostat controls—that will help to meet that energy efficiency goal and to fit within the total golden rule that I have mentioned.

The root of the problem of fuel poverty is that price rises and changes are reflected in the cost of energy. I am very disappointed that most energy suppliers announced price increases before the winter. I join the hon. Member for Islwyn in paying tribute to EDF, which deferred a price increase until after the winter. We should recognise good practice where it occurs, and EDF's customers will recognise and appreciate such action. In addition, we want a complete end to retrospective increases, where customers are only told after an increase has come in that it is going to happen. We want to do more to help consumers switch by requiring more helpful information to be provided on bills, and we are pleased

that Ofgem has announced a market review to consider the large increase that it has seen in the profit margins of such companies.

As the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) mentioned, rising commodity prices have been reflected in consumer prices. The increase has been on a rising trajectory, and I think that most hon. Members would assume that the price of oil—currently, $90-plus a barrel—will continue to increase. We are looking to the same companies to rebuild our energy infrastructure. Some £200 billion needs to be found to upgrade our energy infrastructure, because of the lack of investment over recent decades. Accordingly, an enormous amount needs to be done by the companies and we need to recognise that. I am pleased by Ofgem's work and by the evidence that Alistair Buchanan gave to the Select Committee on Energy and Climate Change yesterday. I am in absolutely no doubt whatsoever about the robustness and thoroughness of the Select Committee's investigation and the real powers that it has to address these issues.

Once again, I congratulate the hon. Member for Islwyn not only on securing the debate, but on giving hon. Members the chance to address these issues at an important time of year, when they are very much on people's minds. I also congratulate him on the constructive and thoughtful way in which he introduced the debate.

Rail Services (West Kent)

10.59 am

Sir John Stanley (Tonbridge and Malling) (Con): This winter, my rail-travelling constituents, of whom there are a large number, have experienced unprecedented disruption in their rail services, and have had to fork out for an unprecedented hike in rail fares. This debate is timely and I am very glad to have been able to secure it. I am delighted to see in their places many of my hon. Friends from west Kent constituencies. I want to focus on four issues: specific rail services; the enormous increase in rail fares; the frankly dismal performance of Southeastern, Southern and Network Rail in trying to cope with the difficult weather conditions in December; and the financial penalties regime that applies to train operating companies.

As the Minister knows from the meeting that we had with her in the House of Commons in July 2010, the biggest single rail services issue in my constituency is the axing of services into the key London termini serving the City—Cannon Street, Charing Cross and London Bridge—on the Maidstone East line. Once again, I must stress to the Minister the truly devastating impact that that has had on my constituents and on the constituents of others along the Maidstone East line. As a result of those services being axed, individuals have had to move house, move their children's schools and, in some cases, move jobs. Where they have chosen to stay put, they have had to incur substantial extra travelling time and cost driving to stations all over Kent and, in some cases, to south London to gain access to a station with a better rail service to London.

I was encouraged to receive the Minister's reply in November, in which she said that she was considering options for dealing with this situation. One option, revealed to us in the meeting that Kent MPs had in December with the managing director of Southeastern, was to establish peak-time services on the Maidstone East line into Blackfriars station from May 2012, when its rebuild finishes and new platforms become available. Is that one of the options that the Minister has under consideration? I hope that she will also be able to give us, in her reply to this debate, information about the other options that she has under consideration. I would be particularly grateful for her assurance that, before any final decision is taken on which option to follow, the range of options put before her will be made public and that MPs, rail traveller organisations, local authorities and individual rail travellers will have an option to put their views on those alternatives to the Minister before any final decision is taken.

The other rail service to which I would like to refer specifically and which was axed under the previous Government is the through-rail service on the Tonbridge to Redhill line to Gatwick. We now have, frankly, the ludicrous position where Gatwick is the second largest airport in the UK—2 million people in Kent use it every year—and it is impossible to get a train service from any rail station in Kent, on a through-service basis, to Gatwick airport. The coalition Government pride themselves on their green credentials, but I have to point out that access to Gatwick from Kent is about as non-green as it is possible to be. I hope, therefore, that the Minister will be able to assure us that she and the Secretary of State will look with considerable urgency

[Sir John Stanley]

at the need to restore the through-rail service from Kent to Gatwick airport. That is a necessity and would be highly valued by the people of Kent.

I would like to come to two significant policy points that have a bearing on rail services but cover a wider policy issue. First, the Minister is a London MP and will therefore understand that there is an inevitable tension between the interests of commuters inside London and those who commute from outside London, because capacity is limited. Last year, in my constituency, I had a situation in which Transport for London unilaterally took over critically important train paths on the Uckfield line, used by Uckfield line commuters trying to get to London, for East London line services. That had devastating consequences for my constituents from Edenbridge in terms of overcrowding and inadequate capacity. This year, we hear that Transport for London is now trying to get Maidstone East line trains to stop at additional stations in London, adding still further to the inadequacy of the services on the Maidstone East line in terms of additional journey time and overcrowding. It is imperative that the Minister and the Secretary of State hold the ring between the interests of those who commute to London from outside the city and those who commute to the centre of the capital from inside. There has to be a fair and reasonable balance between those two competing interests and limited capacity.

Secondly, it is not reasonable to create a position in the commuter areas where train operating companies can axe individual services almost at will. In commuter land, individual families—huge numbers of them—make important decisions and lay out substantial sums of money on the assumption that current rail services will continue. That is the basis on which they buy their homes and decide to send their children to particular schools and, in some cases, whether to accept a particular job. It is simply not reasonable for those people to then find that, almost with no notice, those rail services, on which they are critically dependent for their family life, suddenly disappear. I therefore put it strongly to the Minister, and through her to the Secretary of State, that when they come to their review of franchising policy, they must avoid a situation in which train operating companies can turn individual services on their lines on and off like a kitchen tap. That is simply not acceptable or reasonable, given the massive decisions that individual families make when they locate to a village or town with a particular rail service and a particular station.

On rail fares, it is wholly unreasonable to put them through the roof at a time when people's incomes are either frozen or, in many cases, significantly reduced. That is precisely what has happened to west Kent rail travellers. In west Kent, we feel particularly aggrieved on two scores. First, we feel aggrieved because Southern and Southeastern have justified their fare increases by virtue of investment. I do not deny that Southeastern has made investment, but the issue for us in west Kent is that our rail travellers cannot get any benefit from its two most significant investments. The investments that it has made, under the terms of the integrated Kent franchise, are on the channel tunnel rail link route domestic services into St Pancras and the high-speed services now available on the north Kent line. Those services are of no benefit or use whatsoever to our constituents and rail travellers.

Precisely for that reason, when the integrated Kent franchise was first let, I made strong representations to the then Secretary of State that finances for the channel tunnel rail link domestic services should be ring-fenced. I foresaw exactly what has happened, which is that those of us in west Kent would have to pick up a good proportion of the bill for the financing of those services. Our rail travellers have to pay substantially increased fares as a result of that investment.

The Minister of State, Department for Transport (Mrs Theresa Villiers): I would like to reassure my right hon. Friend that the RPI plus 3% formula for Kent, which I shall address in my remarks, is not related to high-speed services but to the rolling stock. It was added to the lines on conventional services and is not related to High Speed 1.

Sir John Stanley: I am glad to have my right hon. Friend's assurance, which brings me to my second point. The statement that she just made presents me with even more of a puzzle and sense of grievance than I had previously.

The second point of grievance for west Kent rail travellers is the fact that their rail fare increase is substantially greater than those being faced by commuters on other lines. For example, on the Brighton line, which is operated by First Capital Connect, the fare increase is 3.1%, but the increase for Tonbridge line commuters is 11.8%. I cannot see any reason or justification for why the fare increase for my constituents commuting from Tonbridge should be nearly three times as much as the one for those who commute from Brighton.

I put it to my right hon. Friend that it is imperative, within the limits of the present contractual arrangements entered into by the previous Government, that we re-establish a fairer and more reasonable fare regulation regime. After all, the companies are in effect monopolies, and monopolies tend to exploit. Therefore, one has to couple monopolies with effective and firm regulation, but all the evidence so far, as far as Southeastern and the people of west Kent are concerned, is that a firm and fair regulation system simply does not exist.

I said in a speech almost exactly two years ago, on 20 January 2009:

> "I must put it to the Minister that the Government's policy, as far as the thousands of commuters in the south-east are concerned, is resulting in one very clear trend: our commuters—our constituents—are paying ever more for ever less."—[*Official Report*, 20 January 2009; Vol. 486, c. 727.]

What happened over the cold weather period is that our constituents and commuters actually were paying ever more for no services at all on several days.

My first question to the Minister is about whether she will tackle Southeastern and Southern to bring in a system of reimbursement for rail travellers for the days on which they have paid their fares but are not able to travel. It seems wholly wrong that someone can pay a fare through a season ticket, whether annually or monthly, but not be able to get reimbursement.

A fundamental point I must put to the Minister is that it was shown during the bad weather in December that the investment by Southeastern, Southern and, most particularly, Network Rail has been totally inadequate

to deal with severe weather conditions. The franchise arrangements need to be changed to ensure that we have all-weather services.

Michael Fallon (Sevenoaks) (Con): My constituents in Sevenoaks would certainly endorse all the points that my right hon. Friend has made, but does he agree that rather than a blame game between Southeastern and Network Rail over what happened in the winter, we now need a much more effective system of compensation for services that were cancelled or could have been run than we have at present and that the current penalty arrangements need to be thoroughly re-examined in the light of what happened in December?

Sir John Stanley: I am grateful to my hon. Friend, who rightly anticipates my final point.

Mrs Helen Grant (Maidstone and The Weald) (Con): My constituents in Maidstone and The Weald are certainly suffering from the same appalling service outlined by my right hon. Friend: delays, overcrowding, wrong information on websites, lack of toilets, dirty rolling stock, lack of a City of London service, exorbitant rail fares—the list goes on. Does he agree that Kent commuters are feeling very let down and used and abused, and that urgent action is needed?

Sir John Stanley: I wholeheartedly endorse everything that my hon. Friend said. I come now to my final point, which is on penalties.

Gareth Johnson (Dartford) (Con): This is about the issues that Southeastern had to contend with during the recent bad weather. Part of the problem was with communication. Many of my constituents in Dartford were informed by the website that Southeastern advertises that services were running and embarked on treacherous journeys only to find that the services were not, in fact, running. That is part and parcel of the problems that Southeastern needs to overcome.

Sir John Stanley: I wholly agree with my hon. Friend. The communication failures by both Southeastern and Southern during that period were abysmal.

My final point is that the penalties regime is wholly unsatisfactory, because it impacts solely on lateness. One important question for the Minister on a specific issue: is she satisfied with the accuracy and independence of Southeastern's calculation? By the most wafer-thin of wafer-thin margins—0.04%—it has managed to escape financial penalties for lateness in its latest figures.

I come to the wider issue of the gross failure of the penalties regime—this was a failure by the previous Government—which applies to lateness but fails to apply to cancellations. As I said in a letter to the Secretary of State, that produces a perverse financial incentive for train operating companies to cancel services willy-nilly to avoid lateness, but the reality on the ground is that our long-suffering constituents and rail travellers would much rather travel on a train that arrives late than stand at the station from which they want to depart, waiting for a train that has not come.

Mr Roger Gale (North Thanet) (Con): As an aside, I am totally taken aback by the Minister's assertion that the 12.8% fare increase experienced in east Kent does not include a contribution towards High Speed 1, because that is certainly not the impression that we have been given in the past.

My right hon. Friend the Member for Tonbridge and Malling has just given the figures used by Southeastern to make the case for not paying compensation, but have the figures not been massaged by including the High Speed 1 service, which is normally fairly reliable? Were that taken out, the case for compensation would be overwhelming. Is it not a greater irony that if compensation were finally paid, the travellers on High Speed 1 would benefit from it?

Sir John Stanley: I am grateful for that intervention. We shall look forward to the Minister's reply in respect of Southeastern's figures. I hope that she and the Secretary of State will look fundamentally at the penalty regime for train operating companies, because it is clearly grossly inadequate and is actually working to the disadvantage of the rail-travelling public.

In conclusion, rail travellers in west Kent are, without doubt, getting a raw deal: they are getting inadequate services at excessive cost. What rail travellers and our constituents in west Kent want are satisfactory services that are accessible from a station reasonably close to their home, at a cost that they can afford. I look to the Secretary of State and the Minister to deliver just that.

11.19 am

The Minister of State, Department for Transport (Mrs Theresa Villiers): I congratulate my right hon. Friend the Member for Tonbridge and Malling (Sir John Stanley) on securing the debate on west Kent rail services.

I note the array of Kent MPs who have come to express their concerns today, namely my hon. Friends the Members for Chatham and Aylesford (Tracey Crouch), for Maidstone and The Weald (Mrs Grant), for North Thanet (Mr Gale), for Dartford (Gareth Johnson) and for Sevenoaks (Michael Fallon).

I cannot think of a set of MPs more assiduous on rail matters than those gathered in the Chamber today. In particular, my right hon. Friend the Member for Tonbridge and Malling scrutinises the performance of train operators and Network Rail in his constituency with the greatest diligence, and he holds the Government to account when their decisions impact on passengers. He has expressed serious concerns today.

Before turning to the details that my right hon. Friend has raised, I emphasise the commitment of the coalition to investment in rail as a vitally important part of our transport system and the importance that we devote to improving services for passengers, addressing reliability problems such as those that my right hon. Friend has highlighted.

In the past, the axe has tended to fall first and hardest on infrastructure projects, including rail, following a spending spree. The Government have sought to break away from that, because we know the enormous importance of the rail network to our economy and, of course, to thousands of commuters throughout the country. Over the next four years, we will invest £18 billion in rail capital projects, on top of the money spent day to day on funding rail operations on the network, on infrastructure and on the subsidy for passenger train services. The Southeastern franchise is in receipt of the highest level of subsidy of any train operator in London and the south-east.

[Mrs Theresa Villiers]

We are focused on dealing with capacity issues on services in Kent, Sussex and Surrey. We have secured the funding for Thameslink to be delivered in its entirety, albeit over a slightly longer time frame than originally intended. That major investment programme will virtually double the number of north-south trains running through central London at peak times, delivering up to 1,200 new carriages and providing commuters in Kent, Sussex and Surrey with a wide range of new journey opportunities to central London and beyond.

On the timetable issues highlighted by my right hon. Friend, December 2009 saw a radical overhaul of services throughout the county of Kent, delivering approximately 200 additional services per day as well as the introduction of the UK's first domestic high-speed services. Unfortunately, with change on that scale, the concerns of people on different parts of the line will always mean conflicting interests and trade-offs. However, it is important that such timetable changes are properly consulted on. My right hon. Friend would like me to guarantee that there will be no changes in future to current timetabling arrangements. It would not be wise for me to give that assurance, although I can give an assurance about the importance that the Government place on ensuring that train operators consult the communities affected properly when making major timetabling decisions.

I am very much aware of the constituents of my right hon. Friend who are unhappy about the impact of the December '09 timetable on the services at their station. As we heard from my right hon. Friend, I met him and others who are in the Chamber today at a meeting to discuss the issues, and they urged me to reassess the decision taken by the previous Government to remove direct services from Maidstone East to Cannon Street. I agreed to review the business case for the service and to look again at Labour's decision not to introduce the service.

Following initial evaluation of the business case, I asked my officials to work with Southeastern to assess a range of options that could improve services to stations in the Maidstone area. That work is ongoing, and I am not as yet in a position to share any conclusions with my right hon. Friend or the Chamber, but I hope to write to him about the conclusions by the end of February. We are still assessing the different options. However, I emphasise that, given the current state of the public finances, changes will only be possible if they do not require funding from the Government in addition to the substantial sums already subsidising the Southeastern franchise and the infrastructure supporting it.

My right hon. Friend raised the Uckfield line issues resulting from Transport for London's decision to strengthen services on the East London line. Again, that is a controversial matter. Local authorities are involved in deciding how rail services will be configured through a system of increments and decrements, which was what operated in that case. However, I emphasise that decisions on such changes must always take into account the interests of all the communities affected.

I can give an assurance to my right hon. Friend that the Government, in the decisions they take on the configuration of rail services, very much take on board the interests of those who live in London and those who live outside. In response to his concerns about whether his constituents are getting proper consideration in such decisions in comparison with people who live inside London, it is important to treat both groups fairly.

Looking ahead, the completion of Thameslink work at London Bridge in 2018 will trigger another extensive recast of train services throughout much of the county of Kent. Network Rail is developing options for the shape of those services from 2018, but decisions will not be made for some years yet. However, my right hon. Friend's input into those decisions will be very welcome.

A number of my hon. Friends have expressed concern about disruption to rail services in Kent as a result of the severe weather in November and December. Throughout the crisis, officials were in constant touch with the rail industry, and the Secretary of State and I were also in contact with senior management at Network Rail and at the various train operators. Some disruption is inevitable in extreme weather conditions, but we need to ensure that transport operators work as hard as possible to deliver the services that are feasible in such circumstances.

On reliability as opposed to cancellations and the perverse incentives that my right hon. Friend is concerned about, I have urged the rail industry to consider how it assesses punctuality to ensure that it works on overall reliability as well as seeking to minimise cancellations and instances of significant lateness.

Tracey Crouch (Chatham and Aylesford) (Con): Will the Minister give way?

Mrs Villiers: Unfortunately, I have only a few minutes left.

The Secretary of State also asked David Quarmby to audit the performance of rail operators during the severe weather conditions, and his conclusions make it clearer than ever that rail operators and Network Rail must do much better on the provision of information to passengers about the new timetables imposed as a result of severe weather conditions. We are looking to the rail industry to respond to and learn lessons from what happened, and to do much better on providing accurate information to passengers about the impact of disruption.

We are also urging Network Rail to address the fragility seemingly revealed in the infrastructure on the part of the rail network served by Southeastern. Network Rail is looking to extend its trial on heating the conductor rail at key locations. It is also working to test the use of de-icing equipment on passenger trains.

Last week, I met senior representatives of the rail industry to assess overall performance after the severe weather. I singled out Kent and emphasised to Network Rail that improving the performance of the rail infrastructure used by the Southeastern franchise is vital. The rail industry's national task force will, as a result, be reviewing operational performance of Southeastern and Network Rail in Kent. I emphasise that the review will not be limited to the adverse weather episode and will cover general performance levels. I expect senior figures from the operator and from Network Rail to discuss the work of the national task force with me.

The compensation and penalty arrangements that my right hon. Friend asked about are set out in the franchise. We take every step to ensure that train operators, whether Southeastern or anyone else, comply with their obligations.

The passenger charter and compensation arrangements have to be regularly audited by an independent body. The penalties regime is also kept under review. I have no reason to believe that the figures produced by Southeastern have been inaccurate, and the franchise requires independent auditing.

11.30 am

Sitting suspended.

Government Skills Strategy

[MR JIM HOOD *in the Chair*]

2.30 pm

Robert Halfon (Harlow) (Con): First, I would like to register an interest. I have an apprentice in my office who is paid partly by a local businessman, Mr Dean Barclay, and partly by Essex council.

One good thing about skills and apprenticeships is that they are not a party political football. We may sometimes disagree on the right approach, but all sides of the House want to see more jobs for young people and an internationally competitive Britain. As a new MP, I know that many hon. Members care deeply about the problems of youth unemployment, and there are many others who know more about that issue than me.

However, when one looks at the manifestos, initiatives, Whitehall targets and, crucially, the Budget Red Books from the past 20 years, there is a clear conclusion—for decades, the focus has been university, university, university. Let me be clear: I am not anti-university. I was lucky enough to study at Exeter university, which I would recommend to any student. *[Interruption.]* My hon. Friend the Member for Bromsgrove (Sajid Javid) is present. He was at Exeter university at the same time.

The massive expansion in higher education has left us with problems. First, the poorest have not really benefited. The representation and likelihood of success at university remain highest among young people with wealthier parents, and lowest among those from deprived neighbourhoods. Young people from our poorest housing estates are still the most likely to drop out, take one gap year after another, defer enrolment, and switch, repeat or continually restart their course. Secondly, there is a skills deficit. For years, construction has represented about 10% of our GDP, but we have consistently imported much of that labour from Europe. We have created a rootless, undereducated and jobless generation of graduates who do not always have the right skills for our growth industries.

Finally, there is a NEET problem. Despite the efforts of the previous Government, the number of young people who are not in employment, education or training rose year after year. Between 2000 and 2010, the number of NEETs aged between 16 and 24 steadily increased from about 600,000 to more than 1 million. That was not a temporary blip due to the recession; it was a structural problem that got worse and worse. Research by Edge, the vocational skills organisation, shows that two out of every five teachers push A-levels as being the best route to university, and believe that vocational routes are a risk because they rule out university altogether. The research shows that apprenticeships are seen by many parents as a second-class option or a B-grade back-up for young people who cannot handle—or cannot be bothered with—writing essays. I believe that apprenticeships are a forceful answer to the problems of social mobility, our skills deficit and the rising NEET population.

David Simpson (Upper Bann) (DUP): I congratulate the hon. Gentleman on securing this debate, and offer apologies to the Chair. The Northern Ireland Affairs Committee is sitting today and I must leave early to attend that. He mentioned the needs of young people. Does he agree that, although we can have Government

GREAT BRITAIN HOUSE OF COMMONS
PARLIAMENTARY DEBATES (HANSARD)
2010/2011

Published on microfiche by ProQuest LLC
(formerly Chadwyck-Healey)
The Quorum, Barnwell Road
Cambridge CB5 8SW
England, UK

Distributed in the USA by ProQuest Information and Learning
789 E Eisenhower Parkway
P.O. Box 1346
Ann Arbor
MI 48106 1346, USA

Date of publication: 2011/2012

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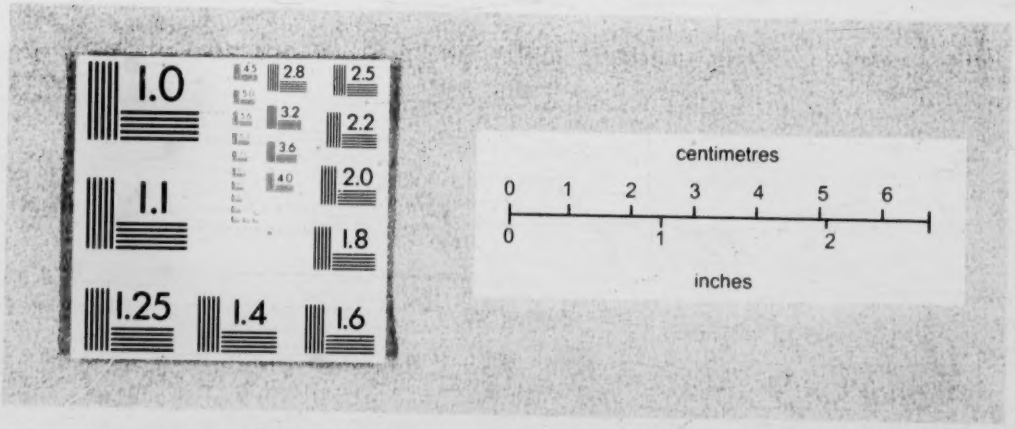
Technical data: Film type: positive silver halide, archivally permanent microfiche conforming to AIIM and BSI standards.

Producing laboratory: Capita Total Document Solutions



[David Simpson]

strategies and 50,000 new apprenticeships, or whatever, we must also have universities and FE colleges that provide the right courses? There is no point in someone going for an NVQ in politics if they are going to be a mechanic. We need a cocktail of measures, and our universities and FE colleges must provide the right courses to benefit young people as we go into the economic revival. That will certainly help industry.

Robert Halfon: The hon. Gentleman has said in 20 seconds what I will say in about 20 minutes. I agree with him entirely and that is an essential part of the skills strategy. It is no good having courses and apprenticeships if they do not provide what business and industry need.

Mr Jim Hood (in the Chair): Neil Carmichael.

Neil Carmichael (Stroud) (Con): Thank you, Mr Hood. I have had more success in this Chamber than I did downstairs. In my opinion, it is critical that people are signposted towards the right kind of course—that is certainly the feeling I have found in my constituency. We need to increase the range of skills and the number of people interested in learning those skills, and we need businesses to support that thereafter. Does my hon. Friend agree?

Robert Halfon: I agree with my hon. Friend. Like me, he has a passion for apprenticeships and skills. I do not want to ruin the excitement and anticipation of my speech, but I am sure that he will be in full agreement with my later remarks.

I welcome the Government's skills strategy document. I pressed for this debate, and I am grateful to Mr Speaker for allowing it. However, we must tackle two fundamental problems. First, apprenticeships must be a better route to university. Secondly, and perhaps most importantly, we must change the culture in which apprenticeships are regarded and increase the prestige in which they are held.

Pessimists today look at the rapid industrial growth of the so-called BRIC economies, and the fact that even Brazil might have its own space programme, although we do not. Many people worry that Britain is in decline, and see only an endless series of eurozone bail-outs, shrinking British tax revenues and our slow but inevitable slippage down the international league tables in skills and education.

Nevertheless, there are reasons to be cheerful. To paraphrase Golda Meir, "Pessimism is a luxury that no politician should allow himself." The independent Office for Budget Responsibility forecasts that our economy will grow in real terms in each year of this Parliament, and there is growing consensus that vocational skills and apprenticeships will play a big part in that. We see a shift in attitude in the passion of the new crop of MPs for vocational qualifications. My hon. Friend the Member for Gloucester (Richard Graham) has just entered the Chamber. He gave a very good speech in a debate on that subject last year. We also see the commitment of the Minister and his team.

In 2011 we need, above all, growth, jobs, confidence and young people doing training that will provide them with opportunities for the future. Apprenticeships are about not only economic utility but social justice, and I have always believed that if we give young people independence, a work ethic and the chance to improve their lives, we give them freedom. I do not argue for more apprenticeships and better skills because of economic reasons; I argue on grounds of social justice.

Margaret Thatcher is not often remembered for her views on skills and vocational qualifications, but she said:

> "A man's right to work as he will, to spend what he earns, to own property, to have the state as servant and not as master—these are the British inheritance. They are the essence of a free economy... and on that freedom all our other freedoms depend."

That, in a nutshell, is why for me, apprenticeships must be at the core of our education system. Young people deserve the chance of economic freedom as much as everyone else.

In the Government's paper, we see that most forcefully in the plans to make all vocational training free at the point of access, with costs repayable only when people are earning a decent salary. That will help young people of course, but more significantly it will open up apprenticeships to single parents, back-to-work mums, jobless adults, the homeless, and ex-offenders who want to go straight. Those people may have huge potential, but often cannot afford the fees to retrain. They deserve the chance of economic freedom, too.

At the same time, not everything in the garden is rosy. As the Government's skills strategy paper points out,

> "Our working age population is less skilled than that of France, Germany and the US and this contributes to the UK being at least 15% less productive than those countries."

That is why the Government's new focus on apprenticeships and their expansion of adult apprenticeships by up to 75,000 is essential. That will lead to 200,000 people starting an apprenticeship each year by 2013-14—numbers that are beginning to approach the scale of A-levels. The Minister's plans to enhance the level 3 apprenticeship by classing it as "technician level" will also help to boost its prestige. That is especially true if people know that they can become an apprentice not just in a trade, but in finance, media, hospitality, business and even politics.

The apprentice in my Westminster office, Andy Huckle, who is sitting right behind me in the Public Gallery, is combining a year in the House of Commons with a level 3 course in business administration, which is like an entry-level MBA.

Mr Jim Hood (in the Chair): Order. I remind the hon. Gentleman that he is not allowed to refer to anyone in the Public Gallery.

Robert Halfon: My sincerest apologies, Mr Hood; I was not aware of that.

My apprentice is a great example of my next point, which is that apprenticeships can be well suited to academic students, who can go on to achieve at university. He is now applying for degree courses to start next year and hopes to study history at the university of East Anglia. That is why I welcome the Government's intention to create "clear progression routes" from level 3 to level 4 and higher education. That will give people like my apprentice a chance to see a busy workplace, to make things happen in the real world and to get money in

their pockets, without having to abandon all hope of taking part in the pub crawls, protests at Westminster and student politics that so enrich university life.

Mr Andrew Smith (Oxford East) (Lab): I congratulate the hon. Gentleman on securing this important debate and I agree with the thrust of what he is saying. Does he agree that there must be a thoroughgoing effort with employers, taking account of the needs of employers, in order successfully to establish more apprenticeships? In my constituency, we have the excellent example of apprenticeships at BMW, which encapsulate the sort of progression route that he mentions. Indeed, the demand to get on those apprenticeships is terrific, with the number of applicants greatly exceeding the number of places. Is it not the case that we need more such employers offering those opportunities, which will benefit them as well as the economy and those who are taken on?

Robert Halfon: The right hon. Gentleman has a lot of experience in these matters; indeed, his experience is far greater than mine. I agree with him. There are two sides of the coin, and this push will not work unless businesses are incentivised and encouraged in more ways than one to set up apprenticeship schemes and to do the things that he describes.

Richard Graham (Gloucester) (Con): Like the right hon. Member for Oxford East (Mr Smith), I warmly congratulate my hon. Friend on securing the debate and championing apprentices in this Parliament. It is very nice to see his own apprentice here. Could I just ask—

Mr Jim Hood (in the Chair): Order. I am assuming that the hon. Member for Gloucester (Richard Graham) heard what I said to the hon. Member for Harlow (Robert Halfon) when he made reference to an apprentice in the Public Gallery. It was not in order for him to do that, and nor is it in order for the hon. Member for Gloucester.

Richard Graham: Thank you, Mr Hood. Does my hon. Friend agree that a terrific opportunity is coming up in only a few weeks' time, in national apprenticeship week, for employers to show their commitment, as he rightly says, to offering both economic opportunity and social justice to the young unemployed in our country by participating in that initiative? Does he also agree that what is being done in Gloucestershire, where we have the Gloucestershire apprenticeship fair, which will feature a keynote speech by the Minister responsible for apprentices, is exactly the sort of thing that should be happening throughout the country?

Robert Halfon: Yes. What my hon. Friend has just said, and particularly the fact that he has managed to secure the Minister responsible for apprentices for the event in his constituency, shows exactly why he is such a champion of apprentices. Something has come through to my office about MPs becoming apprentices for a day, and I hope very much to be able to do that during apprenticeship week.

I should also mention that my apprentice is partly funded by a local business man, who employs eight apprentices and 13 ex-apprentices in his construction firm. He wanted to support us because he was an apprentice many years ago. He is a real example of the social capital that can be built when employers take apprenticeships seriously, as the right hon. Member for Oxford East (Mr Smith) said.

The philosophical heart of the Government's paper is that the world is too complex to be planned and delivered centrally. Hon. Members on both sides of the House will, I hope, welcome the new freedoms that the Government are devolving to further education colleges, with the simplification of budget lines and the reductions in audits and form-filling. Harlow college used to receive umpteen different ring-fenced types of funding for adult learners, all of which had to be monitored, with no flexibility to move funding between them. Now, there will be a single funding line for adults. It will be a much simplified system, with less paperwork.

At the same time, the quicker the Government can move to do the same for funding for 16 to 18-year-olds, the better. Harlow college at one time had 50 separate funding lines for 16 to 18-year-olds, all requiring separate reporting, which is bureaucratic insanity.

Possibly the greatest freedom that the Government are giving FE colleges—I am very excited about this—is the chance to bid for and run university technical colleges. The Minister is working closely with my right hon. Friend the Secretary of State for Education and with a former Education Secretary, Lord Baker, on their roll-out across the country. Like the old institutions that taught technical skills, although they will not be seen as second grade, university technical colleges will combine English, maths, information and communications technology and business skills with specialist subjects that require technical equipment—for example, engineering, product design, construction and environmental services. They will be part of the Government's massive expansion in academies and, crucially, a conveyor belt to level 3 and 4 apprenticeships and higher education. As a major structural reform, university technical colleges tackle head-on the problems of low prestige and poor routes to university from which apprenticeships are suffering.

I have met several times Lord Baker and representatives of Essex and Harlow councils, Harlow college, Anglia Ruskin university and Pearson UK about the prospect of a UTC in Harlow. Lord Baker has visited Harlow college himself—as has the Minister—to try to bring that into being. Only last week, the Minister reminded us that Harlow college

"is an exemplar in so many ways." [*Official Report*, 13 January 2011: Vol. 521, c. 411.]

Under the principal, Colin Hindmarch, the college has been transformed from being at the lower end of the league tables to being nationally competitive. Indeed, it is rapidly becoming one of the best colleges in England. In terms of value added—how much a student improves between starting and finishing their course—it is one of the best places to study in the UK. I am delighted to tell hon. Members today that Pearson UK—a national firm based in Harlow—is examining how it could support the college's bid for a UTC in Harlow, perhaps with an application later this year.

The former Prime Minister, Tony Blair, has argued that we have not really decided as a nation whether we want American levels of taxation or European levels of public services, but increasingly I think that that is a false choice. When the private sector makes a voluntary contribution to enhance a public service, it can result in

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the best of both worlds. As the Government's strategy paper states, the cost of training

"should ultimately be shared between employers, individuals and the state to reflect the benefit each receives."

So long as there is no barrier to access, such as up-front fees for courses inherited by the Government, sharing the cost is fair, as it recognises that education is both a private and a public good.

I clearly support the Government's strategy on skills, but I believe that further steps need to be taken. I recently met apprenticeship organisations, from livery companies to UK Skills and from the Association of Colleges to Edge, each of which represents a different part of the jigsaw of occasional qualifications. We discussed the idea of establishing a national society of apprenticeships, even a royal society, similar to the Law Society or the British Medical Association—or, better still, the Royal College of Surgeons. I tabled early-day motion 587 in support of that notion and raised the proposal in Parliament. A society with membership benefits such as high-street discounts and social events would dramatically increase the prestige and culture of apprenticeships. The Minister will be aware that I have been holding discussions with relevant groups, businesses and student organisations for a number of months, and I hope that we and the Government will be making an announcement in the near future.

Secondly, last week I spoke to the Minister about the pioneering wage-subsidy scheme run by Essex county council, and asked whether the Government would consider encouraging other local authorities to roll it out.

David Simpson: I thank the hon. Gentleman for giving way a second time. He has hit upon a poignant matter: the incentivisation, if that is the proper word, of young people to go into apprenticeships. There needs to be some financial reward or incentive. In my constituency, 15 or 20 young people may start an apprenticeship course, perhaps at an FE college, but only five will finish it because the finance is not there. It is difficult to get companies to sponsor apprentices in the current economic climate.

Robert Halfon: The hon. Gentleman is exactly right. Part of the problem with people who want to do apprenticeships is that they cannot afford to do so. I am lucky that the apprentice in my office lives with his family; it would be much harder if he did not, as the apprentice wage is just under £100 a week. That is why we need a royal society of apprenticeships. That is why I am working with student organisations and others to bring about an incentive scheme. If we change the culture and prestige of apprenticeships, there will be a genuine substantial financial incentive for people to become apprentices. Another big problem relates to single parents wanting to do apprenticeships. The Essex county council scheme is specifically directed at such low-income groups, and it needs to be replicated.

I believe strongly that companies tendering for Government contracts should include a clause in their agreements that will boost apprenticeships. I suggested that Essex county council should consider including such a clause for its major construction projects. Today, I received confirmation that it is committed to making that happen; all who tender for major construction works with Essex county council will need to have an apprentice. That is an important step.

I turn to the question of EMA reform. A debate on the subject is taking place in the main Chamber as we speak, but I wish to discuss the matter with the Minister. A central aspect of further education is the affordability of studying, and getting young people not only to start but to finish their courses. I support reform of the educational maintenance allowance, as I accept that there are flaws in the current system. However, certain factors might affect students and apprentices, particularly those from deprived backgrounds. I shall use my local college as an example.

Nearly two thirds of learners at Harlow college receive the EMA, and 80% of them receive the full £30 a week. The college estimates that between 300 and 400 learners at Harlow—about 10% to 15%—depend on the EMA for lunch and dinner and for travelling to college. Those learners are the most vulnerable, from the poorest housing estates. The next tier is made up of a further 300 to 400 learners, another 10% or 15%, who are not the very poorest but are still from deprived backgrounds—people who strive and work hard. Without the EMA, they would need part-time jobs to increase their income significantly, but given the job market today that is not easy.

Harlow college is not stuck in the past, and it welcomes reform. It is not reactionary and does not represent what Tony Blair once described as the forces of conservatism. Whatever system we put in place, however, we must recognise the different financial positions of those two groups. I have discussed with the principal of Harlow college making the EMA, or a centrally administered college fund, dependent on improvement rather than attendance. It is something that he supports. We believe that learners should earn their money not simply by showing up, but by being punctual, behaving well, working hard and making good progress. As with apprenticeships, it would teach young people the work ethic. For level 3 courses, there are several value-added measures, including the key stage 5 achievement and attainment tables, that can be used at the end of a course to measure the success of tying EMA funds to achievement.

Mr Andrew Smith: The hon. Gentleman is being generous in giving way. He makes a good point. We could have a separate debate about the EMA; indeed, one is going on at the moment. He understands well the circumstances of the students and apprentices at his college. Does he believe that, under the Government's proposals, there will be enough in the discretionary fund to incentivise and reward students, as he advocates?

Robert Halfon: I cannot answer that question because we do not yet know what the grant will be. I support reform of the system, but I want to ensure that those about whom I have spoken are not disadvantaged. As soon as I know what the grant will be, I shall be able to give a better answer.

Harlow College monitors the progress of learners every day on all the measures that I described earlier—attendance, punctuality, behaviour, work done and progress made. The Minister has a genuine passion and feeling

for vocational education, and I hope that he will discuss the matter with his colleagues when considering reform.

The self-reliance, freedom and maturity that come from earning one's own money are not to be underestimated. We have many reasons to be cheerful about the economy, and the Government's skills strategy is a critical first step towards restoring the centuries-old British tradition of vocational training and manual craft. University technical colleges will accelerate the Minister's efforts to improve the prestige and status of apprenticeships and to strengthen the routes from apprenticeships into higher education—especially if, as I hope, we have such a college Harlow. As I said, that is important for social justice, because apprenticeships are our best hope against the compounding problems of stalled social mobility, our skills deficit and our rising NEET population.

I sincerely hope that we can make progress in creating a society of apprentices, nudging other councils into adopting Essex county council's pioneering wage-subsidy scheme, and creating an EMA system that supports the poorest and the most deserving. We must reward determination. One of my favourite books is "David Copperfield" by Charles Dickens. Although David starts off life being treated very badly by Mr Murdstone, he later finds an apprenticeship with a solicitor. Towards the end of the book, he says:

> "I was not dispirited now. My whole manner of thinking was changed. What I had to do was to turn the painful discipline of my younger days to account by going to work with a resolute and steady heart."

It was David Copperfield's apprenticeship that transformed his life and circumstances. I know that that is what the Minister intends for our apprentices, and I look forward to his reply.

3 pm

Anne Marie Morris (Newton Abbot) (Con): I congratulate my hon. Friend the Member for Harlow (Robert Halfon) on his excellent contribution and the Government on their skills strategy, which is an excellent piece of work. Clearly, if we are to get this country back on its feet, apprenticeships will be key. They will generate private sector jobs, particularly in manufacturing and industry, which will create wealth, so I really welcome this strategy. The fact that we are creating 50,000 new apprenticeships for young people, using, in part, some £50 million from the Train to Gain fund is good news. Moreover, we will put some £605 million into creating 75,000 apprenticeships for adults. That is an area that has not been given the funding or attention that it deserves, so I really appreciate the investment.

My hon. Friend talked about the challenge of creating apprenticeships that are valued, and that goes hand in hand with making manufacturing jobs, or any job that requires the use of one's hands as well as one's brain, valued in this community. In Germany, those involved in such industries are well respected, and we must bring that view here. I agree with my hon. Friend that bodies should be created to help build some pride in the idea of being an apprentice. I ask the Minister to think of a way in which we can regenerate some value in the word "technician". Those of us who have been lucky enough to go to university can call ourselves graduates, which is an incredibly valuable term. It would be good if we could make the word "technician" resonate in the same way.

The Government are looking to raise the baseline for apprenticeships. At the moment, we have NVQ level 2, which is the basic apprenticeship scheme, NVQ level 3, which is the advanced apprenticeship scheme and NVQ level 4, which is the higher apprenticeship scheme. The Government plan to make the advanced level the new baseline, which is an excellent idea. That will help people to aspire to something higher and enable employers to see how much we value the scheme.

Research has shown that those who take on apprenticeships do better economically than those who do not. An advanced apprentice is likely to earn £105,000 more over a lifetime than a colleague with a lower qualification, so there is a definite win for the individual who makes that investment.

The hon. Member for Upper Bann (David Simpson) talked about some apprentices starting courses and not completing them. I am heartened to find that the apprentice success rate is on the increase. The latest figures that I have seen put the success rate at 70.9%, which, in the grand scheme of things, is not bad at all. In my constituency of Newton Abbot, we have a history of manufacturing. Originally, Newton Abbot was at the heart of the railway industry. When that fell away in the 1950s, a number of individuals were taken on at Centrax, which has been the hub of engineering and manufacturing in my constituency. I am pleased to say that the organisation has attracted a number of other businesses to the area. Getting apprenticeships working well in the area should help more engineering businesses—some of them will be very small—to establish and develop in the area.

Mr Andrew Smith: I am following the hon. Lady's remarks with interest. She referred earlier to the shift of more apprenticeships to the higher levels. Has she seen the Association of Colleges briefing for this debate, which points out that such a shift is not as simple as it might appear, because the time commitment and the cost increase for both the apprentice and the employer? Moreover, it found that there was less demand from employers for apprenticeships at the higher level. Does that not reinforce the point that I made earlier that there must be a thorough dialogue and engagement with employers, with incentives where appropriate, to ensure that they take advantage of the scope to expand the higher level apprenticeships?

Anne Marie Morris: The right hon. Gentleman makes a good point. It is crucial that we get employers as engaged in the process as the potential apprentices. A private sector vocational organisation in my constituency is an excellent example of that. Before finding the apprentices, it makes contact with local businesses to explain the opportunities offered by the scheme and to create those apprenticeships. That sort of proactive approach is invaluable. The more of that we can do, the better off we will be.

The real value of the apprenticeship scheme is that it will give young people an alternative. Not everyone is suited to an academic career. Many NEETs in our society feel that there is no real alternative. Nationally, we have more than 1 million NEETs, which is far too high. In Devon, within which my constituency sits,

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there are 1,190 NEETs between the ages of 16 and 18—5.7% of the youngsters—which is a huge waste. Research shows that the cost to the taxpayer is substantial—around £97,000 over a lifetime. Some people put the cost as high as £300,000 because of the associated benefits, which is a huge price to pay both financially and socially. Therefore, this must be the right way forward.

To get the apprenticeship programme working well, we must look at the linked-in skills training that is on offer and establish the link between training colleges and sixth forms. Will the Minister tell us what sort of grant might be available to those skills colleges, because, at the moment, that is an area that lacks clarity? A number of training organisations and colleges in my constituency have questioned me on the matter. They ask what the picture will be when the Train to Gain programme slowly begins to evaporate. They are particularly concerned that grants will be as available to the smaller organisations as they are to the larger organisations. I am interested to hear the Minister's thoughts on that particular front.

As I have said, it is important to get employers to play their part and to incentivise them, as the college I referred to earlier is doing. We want our colleges literally to go out on the streets and find those young people. I have been very impressed by South Devon college, which does just that. There are parts of Newton Abbot where young people with no education, training or job congregate. Individuals go to those places to talk to young people about what might be possible. That is absolutely the right way forward, and I welcome it.

Mr Gregory Campbell (East Londonderry) (DUP): The hon. Lady talks about actively targeting young people on the streets, but does she agree that some groups—I am sure things are the same in my constituency as they are in hers—are also actively involved in mentoring young people? Many young people feel helpless when it comes to getting the vocational training that might help them to get employment—they feel completely disempowered. If these groups get out there, they can target young people, help them, sit alongside them and bring them into the mainstream to ensure that they get essential qualifications.

Anne Marie Morris: That is a prime example of the big society. We are in a good position to achieve exactly what he has indicated. We are all in this together, and there is a lot that we can do together.

While we are on that point, my hon. Friend the Member for Harlow has mentioned his concern about the withdrawal of the EMA. I share his view that the old system did not work terribly well, but I also share his concern that there needs to be something to help young people. I am pleased that the new fund will be made available, but the real challenge is the transition and ensuring that nobody falls down the gap. One of the things that I have been doing locally in my constituency is trying to help deal with that gap. I have been working with colleges and voluntary charities that provide local transport and asking them whether we can find a way to work together and get young people to college. I am pleased to say that I have received positive responses from local transport charities. That is exactly where we should be going and what we should be doing.

Perhaps I can leave the Minister with a second and final question, which is about real challenge that we face in deprived rural areas, of which Newton Abbot is undoubtedly one. The cost of living in Newton Abbot is very high, partly because of the distances involved in getting around the constituency and, as hon. Members are well aware, because of the huge water bills. However, we also have very low salary levels. The challenges that my hon. Friend has mentioned are particularly acute in rural areas. I appreciate that we are in difficult times and that we must be careful to get value for every penny we spend, but I wonder whether particular consideration can be given to helping youngsters in rural communities access the apprenticeships and training that they need.

3.12 pm

Mr Andrew Smith (Oxford East) (Lab): I congratulate the hon. Member for Harlow (Robert Halfon) on securing this enormously important debate.

In my interventions, I stressed the critical importance of engaging employers, and I hope that the Minister will tell us how we will do that. It would also be helpful if he were to say in his concluding remarks how he sees the skills strategy in the context of the local economic partnerships and what scope there will be to take a strategic overview of local needs. Given the nature of my constituency, I have always been interested in that. The hon. Member for Newton Abbot (Anne Marie Morris) has mentioned the status of technicians, and their status in our world-leading universities in Oxford and in related scientific research institutions in Oxfordshire is critical. There are concerns whether there will be a supply of suitably qualified people to fill the vacancies when a lump of people retire at a particular time in the future. That is precisely the sort of issue on which a local economic partnership should be able to take a strategic view on an area basis.

I want to mention something that has not been touched on so far. The proposal that those on inactive benefits will no longer receive reductions in their course fees was not included in the skills consultation document published last summer. As I understand it, such people will have to meet 50% of the cost of courses, other than on courses for basic literacy and numeracy. Colleges are worried at the effect that that will have on participation among lone parents, those on incapacity benefit and others.

I have particular concerns about Ruskin college in my constituency. The college runs a number of short courses that attract a significant number of people who are presently in receipt of inactive benefits. Many are older learners, lone parents, carers, people on disability benefits, people who have suffered alcohol and drug dependency problems or mental ill health, and homeless people with no registered address. Most such students on short courses are unlikely to be in a position to pay fees.

For many of these students, going on a course is a step in re-establishing their self-esteem and acquiring useful skills that will enable them to progress further. Ruskin college has mentioned to me an example involving a woman who had a total mid-life crisis and mental breakdown. She saw the Ruskin college brochure in hospital and did free short courses with the college, benefiting from the full fee remission. She went on to

get two degrees and she is now a college lecturer, probably helping with the skills drive that we are all so keen to sustain.

How does the Minister see the configuration that is coming forward addressing the needs of such people? Given that it will take time to put the Government's new proposals in place, does it really make sense to end fee remission for those in receipt of benefits before other provision is put in place? This issue will affect a lot of people across the country, as well as at Ruskin and other colleges in my constituency. I would be grateful if the Minister were specifically to address that point.

3.17 pm

Mr Gordon Marsden (Blackpool South) (Lab): I, too, congratulate the hon. Member for Harlow (Robert Halfon) on securing the debate. I also congratulate him on his clear and evident pride in his local college and on the work that he is already doing in Parliament to promote issues relating to apprenticeships. We have had a thoughtful and inclusive debate, which has not been rabidly partisan. I want to continue in that way, but I nevertheless want to pick out some of the implications and unintended consequences of the Government's skills strategy, which gives Labour Members real concern.

I want briefly to comment on what the hon. Gentleman has said. He has discussed skills deficits, particularly in construction, and the NEETs problem. It is fair to say that none of us in any party and, for that matter, none of the experts has a magic wand to deal with that problem. We can argue about the rights and wrongs and about the needs behind the Government's current economic policies, and we will, but I merely say—I invite the Minister to touch on this—that it is inevitable that those policies will sharpen the challenge that we face and increase the number of people in the category that we are talking about, at least in the short term. For example, we have seen that with some of the rises in unemployment. We also need to be careful that changes in administration within skills policy, and related issues in the Minister's portfolio, do not, however well-intentioned, unintentionally exacerbate the problems of NEETs, because of their speed and the lack of a proper transition period.

It is particularly interesting that the hon. Member for Harlow has discussed access to loans, which other hon. Members have also mentioned. I want to touch on how the process will pan out, and put one or two questions to the Minister. At this point, all I want to say is that some people who have been mentioned, such as older people and single mothers, are, because of their backgrounds, precisely the ones who will need most nurturing and support in entering the process. As I have said before and will continue to say, the Government, or certain people in the Government—not least Business, Innovation and Skills Ministers—are keen on the concept of nudging people. We all nudge people, sometimes inadvertently on the tube, but it is highly relevant to the debate on the Government's skills strategy to point out that sometimes—again, I am not imputing malevolence of plan or thought—the net effect of policies is to nudge people away from things, as well as to nudge people towards them.

It is interesting that the hon. Members for Harlow and for Newton Abbot (Anne Marie Morris) have raised concerns about the EMA. I congratulate them on referring to practicalities such as transport and support equipment. Those issues have, of course, been taken up by individuals and colleges. The same concerns have been expressed to me at the colleges in my constituency, Blackpool sixth-form college and Blackpool and the Fylde college, and they also show up in surveys conducted by the Association of Colleges and the 157 Group. If the Minister and I were not here in delightful surroundings under your chairmanship, Mr Hood, we would undoubtedly be in the main Chamber listening to the arguments about the Government's current position on the EMA. What I took from the remarks of the hon. Members for Harlow and for Newton Abbot, as well as from other interventions, were concerns not only about the change itself, but about the process of change and the transition period. The Minister will want to comment and reflect on those remarks.

The hon. Member for Harlow has discussed university technical colleges, a concept with which I, like him, am familiar. Lord Baker bent my ear on the subject in my previous incarnation as chair of the all-party parliamentary group on skills, as he has successfully bent the ears of many others. Lord Baker is, like me, a historian, and he feels strongly that it is a matter of completing unfulfilled business from the Education Act 1944. The only thing that I say—again, I invite the Minister to make observations on this point—is that it is laudable and entirely desirable that there is a renewed emphasis on how best to provide vocational education to the 14-to-19 range and on the mechanisms for doing so. However, the problem is that the field is now getting crowded. There are proposals for university technical colleges, and there are long-standing proposals for studio schools, which the Secretary of State for Education warmly endorsed at the recent launch of the first tranche. I declare an interest in the sense that the local authority in Blackpool is strongly bidding for a studio school. Of course, the Prime Minister also made observations only a few days ago about the concept of free schools for 16 to 19-year-olds.

I make no comment on some of the ideological conflicts that may arise in that context; I merely point out that if there is a market including UTCs, studio schools and free schools for 16 to 19-year-olds, there will have to be a lot of careful adjustment and thought about the implications for sixth-form and further education colleges. I hesitate to use the words "Maoist and chaotic" in that context, because they have, of course, already been used, rather tellingly, to describe the way in which the Government—sadly, this involves the Minister's Department—are proceeding with local enterprise partnerships. However, I want to stress the importance of not getting into a mess over a plethora of options in the relevant area. The last thing that any of us wants is for the new-found enthusiasm in all parties for the strengthening of vocational education to be dissipated by arguments about structure.

Mr Andrew Smith: I want to reinforce my hon. Friend's argument. Is it not crucial that the core mission and function of further education colleges, and their ability to deliver it, should be buttressed, supported and enhanced? That should include such issues as inequality in funding per student, as between FE and schools. The previous Government started to narrow that discrepancy, but it should be removed altogether.

Mr Marsden: My right hon. Friend is right on that point. I shall spare the Minister's blushes, but he has committed to continuing that process. Indeed, he emphasised that point from the floor when questions were raised about it at the conference of the Association of Colleges in Birmingham in November. The devil is in the detail, and the questions of how the aim is to be achieved within funding regimes through the Skills Funding Agency and how it relates to other possible views within the Government must be resolved. I have no doubt about the Minister's personal commitment to proceeding with that aim, but my right hon. Friend has made a valid and important point.

The hon. Members for East Londonderry (Mr Campbell) and for Upper Bann (David Simpson) have made valuable interventions. They both made the important point that we should view apprenticeships, training and outreach work not only as economic activity but as a vital activity for social cohesion. I am particularly interested and impressed by what the hon. Member for Newton Abbot has said about the activities of her college in going out on to the street and trying, in the words of the Good Book, to compel them to come in.

There is a broader underlying issue, with which all of us have fought in recent years. It concerns not only the fundamental mission of further education colleges or apprenticeships, but how and where that mission is carried out. Some of the most valuable work that has been done via the splendid Blackpool and the Fylde college in my constituency has been done not on the main campus sites but in a city learning centre adjacent to one of the main housing estates. In reality, particularly in areas where people may be juggling two or three different types of job or responsibility, which is particularly true of women, the siting of, and immediacy of access to, training and further education matter a great deal. The hon. Member for Newton Abbot has discussed her constituency, and I am sure that what I have described is as true in rural constituencies as some urban ones, if not more so. Even in my constituency, some people on the estate who benefited from outreach courses would not have found it easy to get on a bus and travel 2 or 3 miles to take standard college classes. I entirely agree with what the hon. Lady has said, and I hope that the Minister will take that on board in developing future policy with colleges.

My right hon. Friend the Member for Oxford East (Mr Smith) has made valid and crucial points about how the skills strategy will fit with local enterprise partnerships, and I will return to that issue later. He made other key points that the Minister needs to respond to. The first is the concern that he expressed about skills shortages. That concern might seem perverse at a time when—let me put it bluntly—the demand for skills in the current economic situation is certainly not uniformly high. However, the truth is that even with modest growth generally and in certain areas in particular, because of the reasons that he gave, demographic changes will affect particular skill groups. We know from the Leitch report and various other things that we face a significant demographic challenge in the next five to 10 years, because the cohort of younger people available for skills training will reduce sharply. Of course, that will put even more emphasis on some of the points to which my right hon. Friend has referred. The comments that we have heard about skills shortages are significant.

I turn, with some gravity, to the Government's skills strategy, on which I want the Minister to comment. Picking up my previous point about my right hon. Friend's speech, the introduction of tuition fee-style loans for all those taking level 3 qualifications and the part-funding for a first level 2 qualification will seriously hit the strategy for retraining and reskilling older workers, if they are not handled carefully.

Questions have been put to the Department for Education and Skills and to the Minister himself about how much, under the current circumstances, colleges can be expected to charge when they increase fees for courses. I accept that we do not live, pace one or two things that have been said about the Secretary of State for Communities and Local Government, in a Stalinist "plan and provide" world. However, we need to have a little more assurance about the sums of money that people will have to borrow to fulfil a mainstream apprenticeship course. In an article in *The Guardian* at the end of last year, the Minister referred to a sum of about £9,000 over that period of study, but it would be helpful if he were to comment on the modelling by which the Government made that assessment.

Of course, if there is a potential impact of increasing fees, in terms of reducing enrolment, it will come at a time when colleges face a 25% reduction in the further education resource grant from the Department for Business, Innovation and Skills during the spending review period. Ministers have said that that reduction is nowhere near the "grim reaper" that has descended on the higher education sector, which is perfectly true. Nevertheless, that reduction and the potential impact of axing the EMA—both the Association of Colleges and the 157 Group have said that axing the EMA will have a significant impact on the number of people applying to college—mean that FE colleges may find themselves under real pressure as a result of Government decisions.

The Government have said that they want to get people back into work—how could we not want to get people back into work? However, the issue of how the Government expect to do that if they are going to remove the support for course fees from anyone who is not on active benefits is a live one. Even those claiming active benefits over the age of 24 will have to take out tuition fee-style loans to take level 3 courses. I have an open question, not a rhetorical one, about that issue: what incentive will there be for those people to take out a sizeable loan when there is no guaranteed income stream to repay it?

As has already been said and as—I am afraid—is the case with so many things that this Government are doing, they are in danger of wielding several sticks before offering a number of carrots. The fees for some level 2 and level 3 courses will be introduced as early as 2011-12 and the fees for the majority of those courses will be introduced in 2012-13. However, the Government say in their own statistics, which accompany the skills strategy, that they do not envisage the new loan structure being in place in full until 2013-14. That is one of the points that the Association of Colleges has raised in its briefing note to Members for today's debate. However, the Association of Colleges has also raised the separate issue of the impact of the restrictions relating to benefits entitlement, which my right hon. Friend the Member for Oxford East has also raised. The Minister will know, because it was the subject of a question and answer

session that he participated in at the Association of Colleges conference in Birmingham in November, that that issue is of great concern to colleges.

We support the Government's aim to help more people off welfare and into work, and we understand the desire to focus efforts on those receiving active benefits. However, I remind the Minister that on a number of occasions he and I have talked about the importance of enabling skills to the life chances of people. There are real concerns, particularly in relation to some of the impacts of the restrictions on employment and support allowance, that, as I said earlier, people might find themselves being "nudged" away from participation in education and training rather than being "nudged" towards it.

Like me, hon. Members may find it curious that the Government preach localism, but that their new skills strategy effectively gives the power to set these plans nationally to the Skills Funding Agency. When we were in government, we talked about the crucial role that regional development agencies can play in this field. I also note, having heard the favourable comments that the hon. Member for Harlow made about the college in his own constituency, that Harlow recently opened a new £9.3 million university centre for higher education. Of course, that project, like the project in my constituency at Blackpool and the Fylde college, was partially funded by grants from the RDA. I am not here to argue the case for RDAs, but now that they have gone there appears to many people, including myself, to be a black hole in the connectivity of support for the successor bodies to the RDAs, including local enterprise partnerships.

Many business groups, including the British Chambers of Commerce, have commented on that lack of co-ordination between those in charge of skills policy and local enterprise partnerships. I remind the Minister that his colleagues in the Department for Communities and Local Government did not even put local enterprise partnerships in the Localism Bill when they introduced it, and they have resolutely refused, or at least been unwilling, to talk about establishing links in that respect.

Robert Halfon: I thank the hon. Gentleman for his measured and thoughtful remarks. Regarding RDAs, although it was welcome that part of the money for the college in my constituency came from the local RDA, at the end of the day that money is taxpayers' money. That money does not necessarily have to pass through the RDA to reach Harlow college or Harlow; it could easily go through local councils or through the other mechanisms that he has mentioned. The support that Harlow college received is not necessarily a case for the RDA.

Mr Marsden: I was merely making an observation, and I was not saying that the RDA is the only mechanism by which this money can be redistributed. Of course, there were also other grants that contributed to the college. I was making the point that the RDA is a mechanism that supported that type of college development. Not only is the current level of economic activity across the country failing to replicate that support, but we do not even have secure promises about how local enterprise partnerships themselves will be supported and funded, so that they can provide similar support or access funding from the private sector. That is one of my concerns.

Finally and briefly, I turn to the issue of apprenticeships. The Government have been keen to trumpet the success of apprenticeships and their ambitions for them. I yield to no one in my delight that the Minister has made so many strong points about apprenticeships. However, we must remember that the pledge that there will be an extra 75,000 apprenticeship places applies only to adult apprenticeships. At a time when youth unemployment remains high and the Government have chosen to end schemes such as the future jobs fund and our September guarantee of a college place, training or a job for all those aged between 18 and 24, one must wonder what capacity there will be in business to provide these extra apprenticeship opportunities. Indeed, Members have touched on that issue in the debate today. Just as one can nudge people away from things as well as nudging them towards them, we need to take into account push and pull factors. It seems to me that no amount of ministerial criticism of Train to Gain can take away from the fact that axing the scheme leaves a serious gap in work-based training provision.

Finally, the Government are rightly putting an emphasis on level 3 money going in, but there is still a massive demand across the country for level 2 apprenticeships in leisure, tourism, catering and other applied service industries, and it is vitally important that they are not neglected. They need to ensure that they provide what employers want from apprenticeships, as opposed to what might fit their own agenda for the sector, however noble their intentions.

3.40 pm

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): It is a pleasure, Mr Hood, to serve under your chairmanship, even more so as it is the first time, and it is always a pleasure to follow the hon. Member for Blackpool South (Mr Marsden). While the right hon. Member for Oxford East (Mr Smith) was making his erudite interventions, I was thinking about what Chesterton said about Oxford:

"a place for humanising those who might otherwise be tyrants or even experts."

It would be altogether more convenient if the person shadowing me were a tyrant or a fool, but unfortunately the hon. Gentleman is neither, which actually, on balance is a cause more of joy than sorrow.

It is also a pleasure to congratulate my hon. Friend the Member for Harlow (Robert Halfon) on securing the debate. I know how enthusiastic he is about the subject, and he rightly championed the work of Harlow college, kindly mentioning that I visited the college with him. He has illustrated his commitment to apprenticeships by taking on an apprentice himself, and I invite many other colleagues, including Ministers and shadow Ministers, to follow his example.

An even greater pleasure than serving under you, Mr Hood—and that pleasure is almost inestimable—is to be able to discuss the Government's skills strategy, albeit in a short debate. I will endeavour both to talk about that, and to pick up the points that have been made by a variety of speakers today.

The skills strategy had its inception shortly after we came to government. As soon as I became Minister, we ran a considerable consultation—over the summer—and we engaged providers, employers and learners, with

[Mr John Hayes]

colleges obviously central to the process. We have now published the strategy, and I have copies here for anyone who would like one—shorter summaries for those with less patience and longer versions for those with more.

The genesis of the strategy dates to when, in opposition, I was able to study these matters over many years, and I had many discussions with the hon. Member for Blackpool South when he was running the all-party group on skills. I do not think that there is much of a gap between our views on the issues. It would be wrong to exaggerate the consensus, but I do go with Wilde in that arguments "are always vulgar, and often convincing."

So we do not want to have more of an argument than we need to, and there is certainly some unity of view as to the aim. I suppose that that is because we both broadly buy the analysis of the Leitch report, that an advanced economy needs ever-advancing skills, and that we are falling short in that regard. I shall say more about that in a moment or so.

The report mentions many other things, including, as has been mentioned, the need to upskill and reskill the existing work force as well as to train young people who enter the labour market. It makes particular recommendations on intermediate and higher-level skills, an area in which we are failing to do as well as we must if we are to maintain competitiveness. I am pleased to say—confirm, perhaps—that what is at the heart of that analysis is also very much the Government's view, which is that skills have a direct relationship with productivity and therefore competitiveness. That is, I suppose, a matter of opinion, but I take it almost as an a priori assumption. I say that as though the case must be made only because some people would still argue a counter-view that labour-market flexibility and a much more fluid system for skills can work in a modern economy, but I take the contrary view that as we invest in skills the economy shapes around that investment. My perspective is, I think, reflected in the previous Government's assumptions, and largely by Leitch.

It would be remiss of me not to say, as the hon. Member for Blackpool South was kind enough to point out, that we debate all of this in very difficult circumstances, but what is interesting about the strategy is that it would have been necessary irrespective of the changed and challenging financial situation. It had its genesis long before we came to government, long before we knew quite what size of deficit we would face and, indeed, long before we had devised a method for dealing with that deficit. The strategic change—the rethink about the skills we need and about how we will deliver them—preceded the advent of the economic strategy, which the hon. Gentleman mentioned, and the consultation that I described earlier preceded the comprehensive spending review negotiations which, of course, shaped the amount of money that the two Departments in which I am a Minister have to spend.

Without wanting to be unnecessarily partisan, I must say just a little about the previous Government's record. I know that the hon. Gentleman will not mind a short partisan section in a speech that will otherwise be wonderfully and refreshingly non-partisan. The previous Government did get some of this badly wrong, not in ambition—as I have described—and not even in their analysis of the problem, but in the solution. There were two fundamental problems with their approach. Although they spoke the language of a demand-driven system, it was just that—mere words. The system that was constructed was centrally driven, built around targets and extraordinarily byzantine in structure. It was hard to navigate and inaccessible, bamboozling learners and demoralising employers. The result—a centrally driven, target-orientated, micro-managed system for the funding and management of skills—could never be sufficiently dynamic, or sufficiently responsive to the changing needs of a changing economy. Lord Leitch drew our attention to that, and Members on both sides have reflected an understanding of it in what they have said today.

I could say things that were altogether more colourful—in fact, I have such things in front of me—but why would I do that? I have said enough about the previous Government's strategy, except for this suffix: the best thing that they did was to appoint the hon. Member for Blackpool South as the shadow spokesman on this matter when they came into opposition. There the flattery stops. Actually, it was meant as a compliment, not as flattery.

Perhaps partly as a result of the previous Government's strategy, we remain mediocre on skills compared with other OECD countries, ranking 17th out of the 30 member countries on the proportion of our population qualified to level 2 or above. To any impartial observer, and by any independent analysis, it is absolutely clear that our further education and skills system requires not merely reform but rebirth, the effects of which would need to be felt by employers, individuals and training providers. The change that is most needed is one of perspective, as identified by my hon. Friend the Member for Harlow, when he spoke in elegiac terms about the need to elevate practical learning, a point supported by my hon. Friend the Member for Newton Abbot (Anne Marie Morris), the hon. Member for Upper Bann (David Simpson) and other Members. We have to understand that practical accomplishment can afford the same kind of status as academic achievement, because it confers both worth and purpose, which has economic value, and also because it changes lives by changing life chances.

The pride that people take in the practical skills that they acquire makes them stand tall. As they do so, they gain a different kind of recognition among their fellows. That was once widely understood. The case was richly argued by Ruskin—who was referred to in a different context; I will return to that—and William Morris, but it had scarcely been made with elegance and conviction until I started to make it a few years ago, when it gained some elegance and a lot of conviction. Changing the perception of practical learning is critical to encouraging people to acquire the skills that we need to drive our economy forward. It is a social and cultural matter as well as an economic one, being about aesthetics as well as utility. Rather apologetically, we usually debate skills as a matter of utility. I suppose that that is understandable—they are partly about utility, after all—but let us debate them differently, making the change in perception that I described.

I will now deal with the essence of the skills strategy and its many aims, which we published on 16 November last year. Its main premise is that skills are essential if we are to return to sustainable growth, build more inclusive communities and achieve greater social mobility. To do so, the Government must be prepared to devolve

real power, along with the objective information that will allow people to use the system, to those who can benefit most from it, and especially to employers and individuals. We want to give them authority and power to drive the system. We want a more learner-driven, employer-focused, demand-driven skills system.

I will discuss the three critical elements of that and deal with some of the points that hon. Members have raised. First, we must ensure that colleges and training providers have the freedom and flexibility to respond to learner demand and employer need. The coherence that must accompany that requires a proper settlement in respect of relationships with other agencies, including local enterprise partnerships. I will take away the points that have been made about that and consider them. It certainly requires consistency and coherence in respect of school provision. As hon. Members will know, Professor Alison Wolf is carrying out a review of vocational education, which must marry with the strategy if it is to make a useful contribution to Government thinking.

The hon. Member for Blackpool South was right that there must be some consistency in the narrative about studio schools and university technical colleges. I am an enthusiast of UTCs. I think that Kenneth Baker has hit on an idea for which time has come; it is the completion of the unfinished work of Rab Butler. I see it in those ambitious terms. UTCs can play a valuable role in providing a vocational pathway that matches in clarity and progressive quality the academic route that many of us took.

I acknowledge the questions and points raised by hon. Members, and I accept the need for consistency and coherence, but central to what we will do is freeing providers and colleges from much of the bureaucracy that has hampered them and prevented them from being as good as they can be. There is immense human capital in the further education sector; it is the unheralded triumph of our education system. Both learners and teachers in FE deserve more praise than they have ever received. I am proud to put that on record. In the education Bill that we will be introducing shortly as a continuation of what I have announced in Government, we will strip away some of what the previous Government did—I am trying to use gentle words—to confuse the system and burden FE providers.

Secondly, there must be a changed role for individuals. Individual learners need more information, which is why we will introduce an all-ages careers service to provide them with good, empirical and independent information about the results of the courses that they choose and the subsequent careers to which they are likely to lead. As well, it was right that we began to ask who pays for what. Such questions are challenging, but I was determined that there should be no question of abridging people's entitlement to basic skills in any way.

However, in higher skills, beyond the age of 24, individuals should make some contribution, on a par with what we expect of higher education students. They will be able to take out income-contingent loans on the same no up-front cost basis as HE students, at highly competitive rates. The hon. Member for Blackpool South asked about numbers and mentioned the figure of £9,000. He will know that it is difficult to come to a definitive answer, as apprenticeship frameworks cost different amounts. However, I do not think that it is unreasonable to mention an average of about £7,500. Compared with a degree, given what my hon. Friend the Member for Newton Abbot said about the income premium likely to result from an apprenticeship—it is roughly equivalent to a degree—an apprenticeship represents pretty good value for money.

Thirdly, on apprenticeships, we have allocated £250 million for 75,000 more apprenticeships during the spending review period. The hon. Member for Blackpool South asked about apprenticeships for 16 to 18-year-olds. I confirm that the Department for Education will provide extra investment to grow their numbers substantially too. It is my ambition while I am Minister to top 350,000 apprenticeships in this country, and the longer I am the Minister, the more apprenticeships we will have. Records are hard to compare because historically, the way that we have counted apprenticeships has been somewhat different, but it is probably true to say that the most that we have ever had in Britain was 400,000.

Mr Andrew Smith: Is the Minister not showing symptoms of the target-driven culture that he was decrying a few minutes ago?

Mr Hayes: That is the trouble with people associated with Oxford; they are just clever. That was the expression not of a target but of an ambition. How could my ambitions ever be described as anything so crude as a target?

The final element of the strategy is a link to employers. As well as being learner-driven, the system must be sensitive to the role of employers in ensuring that what is taught and tested matches employer need, therefore making people more employable and feeding the growth that we all want. To do so, we must move away from what I described as the slightly confused spatial arrangements made by the previous Government with regional development agencies and others—some of them did perfectly good work, of course, but they were heading in basically the wrong direction—towards a more sectorally driven system. I have asked the UK Commission for Employment and Skills, under the chairmanship of Charlie Mayfield, to consider becoming employer-facing, so that we can engage employers in ensuring that the system delivers what we want.

I believe that we can build a skills system that makes Britain prosperous, delivers individual opportunity on an unprecedented scale and contributes to social mobility, social cohesion and justice. As the Minister, I will do all that I can to make that so, for it is what is right for our people, our nation and our future.

Further Education Lecturers

4 pm

Mr Graham Stuart (Beverley and Holderness) (Con): It is a pleasure to have secured this debate, which follows another education-related one. As I speak, hon. Members in the main Chamber are debating the education maintenance allowance, so Ministers, like the rest of us, are trying to be in two places at once.

This debate is about Government policy on the employment of further education lecturers as school teachers in schools. I am delighted to see present my predecessor as Chair of the Education Committee in its previous guise as the Children, Schools and Families Committee, the hon. Member for Huddersfield (Mr Sheerman). I hope that he will participate. The subject is important because the importance of vocational and practical education within our education system is too often underplayed. There is also an artificial chasm between those who teach in further education and those who teach in schools at a time when we are trying to create a system such as that in health, which tries to build pathways in relation to the patient so that, instead of providing health services on the basis of institutional convenience, everything is built in relation to the patient. In exactly the same way, institutions that serve young people in education should bend and shape themselves to suit the young people's needs, rather than the other way around.

Further education lecturers are required to work through a four-tier qualification system, culminating in qualified teacher learning and skills status. FE lecturers with QTLS accreditation may then work in schools not as teachers, but as instructors, and only as a last resort. Even though they perform essentially the same functions, instructors have a lower professional status and, usually, a lower salary than schoolteachers. The equality of esteem and the need to ensure good vocational learning are undermined by that artificial divide.

Primary and secondary teachers, on the other hand, have a qualification known as qualified teacher status. Teachers with a QTS are currently eligible to teach in the FE sector. If the potential of the Government's schools policy is to be realised, we need the best possible teachers in the classroom providing education at any one time. The Government's schools White Paper rightly identifies teacher quality as the most important ingredient in improving the quality of education in this country, thus encouraging social mobility and other issues of social justice that hon. Members on both sides of the House devoutly desire. The White Paper states:

"All the evidence from different education systems around the world shows that the most important factor in determining how well children do is the quality of teachers and teaching."

Many FE lecturers are dual professionals with expertise both in their vocational subject area and in pedagogy. That expertise needs to be used in schools on an equal and fair basis in the same way as that of teachers. I hope that the Government will look to overcome the obstacles and create a single teaching qualification, effectively moving the barriers that constrain the best use of FE lecturers.

The Government's skills strategy shows that they are committed to the promotion of technical as well as academic qualifications—I believe that that issue has just been debated in the main Chamber—to promote a variety of routes to improved employment opportunities to students. My hon. Friend the Minister for Further Education, Skills and Lifelong Learning has just left the Chamber and, given his passionate espousal of the importance of craft and vocational learning, we must ensure that we make best use of our teaching work force. The skills strategy states:

"Skills are vital to our future and improving skills is essential to building sustainable growth and stronger communities. A skilled workforce is necessary to stimulate the private-sector growth that will bring new jobs and new prosperity for people all over this country.

And a strong further education and skills system is fundamental to social mobility, re-opening routes for people from wherever they begin to succeed in work, become confident through becoming accomplished and play a full part in civil society."

The reality, however, is that there has been a lack of expansion of vocational expertise in the school work force, which fails to match the expansion of vocational curricula in schools. Schools too often do not have the appropriately experienced teachers to inspire students to excel in vocational courses.

The Children, Schools and Families Committee carried out an inquiry into teacher training in the 2009-10 Session and its report, "The Training of Teachers", was published in January 2010. The Committee called for

"greater fluidity —and shared development opportunities—across the school and further education sectors."

The report's recommendations include:

"At the very least, teachers with Qualified Teacher Learning and Skills status should immediately be able to work as a qualified teacher in schools if they are teaching post-16, even post-14, pupils."

That recommendation represents the nub of my case today, for which I hope we will have a sympathetic and constructive response from Ministers.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Like the hon. Gentleman, I rushed from the main Chamber where we have both been speaking. We are a regular double act. The recommendations of the inquiry under discussion were made by a former Select Committee—the Children, Schools and Families Committee. It was one of our later inquiries and it was very much an eye-opener for all members of the Committee. We made recommendations on improvements to teacher education and asked why we had an artificial divide whereby a schoolteacher could not teach in FE and many people teaching in FE could not teach in schools. It seems a crazy divide.

Mr Jim Hood (in the Chair): Order. I remind the hon. Gentleman that he is supposed to be making an intervention.

Mr Sheerman: Sorry, Mr Hood. It was a very long intervention. I hope that you will call me to speak again later.

Mr Stuart: I now know—if I did not already—that my predecessor would like to speak in this debate, so his intervention served that purpose. The report's recommendations, under the hon. Gentleman's august chairmanship, also stated:

"In the context of the 14–19 reforms, the Department should put in place a mechanism for assessing vocational or professional qualifications as equivalent to degree status."

It added:

"Over the longer term we recommend that the training of early years teachers, school teachers and further education teachers become harmonised through generic standards."

That is the request that I am making today—"harmonised through generic standards."

Those recommendations seem to have been overlooked, with FE lecturers remaining on the sidelines. Despite their obvious expertise in the vocational pathway, we are clearly ignoring the opportunity to utilise their talents in our secondary schools. My Committee is currently conducting an inquiry into behaviour and discipline in schools, and wants to ensure that we have the best possible teachers to engage with young people who perhaps find their academic studies less inspiring. Having the best possible vocational teachers is a great way of getting people re-engaged in learning to the benefit of both academic and vocational skills.

The Skills Commission published a report, "Teaching Training in Vocational Education", in February 2010, which states:

"If we are to successfully establish and maintain a vocational pathway through 14-19 education and on to higher education, we need professionals with recent and relevant vocational knowledge and skills"

to transfer their expertise to learners. Those are common-sense words, but there is a barrier standing in their way. The report notes that

"the system as it now stands is biased towards academic education and its teachers, and fails to recognise the crucial role that vocational education and its teachers play in 14-19 education... For vocational instructors employed in schools their conditions of service are inferior to those employed as school teachers."

It adds:

"We cannot continue to perceive vocational education to be second class and inferior to academic education. In turn, we cannot continue to label teachers of vocational education as a 'semi-profession'... The Commission believes that, in the short-term, greater transferability between the two professional statuses must be achieved in order to realise high quality academic and vocational provision throughout 14-19 education—getting the right skills in the right place of our education system must be a priority for policymakers."

That is why I am delighted to be participating in this debate. The report continues:

"To realise this, the Commission believes that convergence courses should be developed to facilitate transferability between QTS and QTLS. The principle of this convergence would be central to the Skills Commission's vision for 14-19 education, and to establishing a high quality route through the 14-19 phase... The two regimes should be replaced by a unified training system and a 'universal teaching status'."

So why have neither the recommendations of the former Children, Schools and Families Committee nor those of the Skills Commission been implemented by the Government? It seems that there are a number of possible objections to a unified teacher status. First, teaching young adults is considered a different playing field to teaching 11 to 16-year-olds. Therefore, an individual who is teaching in further education might not have the skills and pedagogical background necessary to teach younger children. That was one of the fears before the increased flexibility pilots were started seven years ago—I am sure that the Minister is familiar with them—when the national curriculum was made more flexible, so that it included a wider variety of settings in which students could study. In practice, FE staff found that teaching groups of 14 and 15-year-olds was not so very different from teaching 16 and 17-year-olds. The skills are fundamentally the same—good lesson planning, varying the pace, involving students and so on.

A second argument is that schoolteachers might have a better grounding in the theory of teaching and pedagogy than FE teachers. Teaching degrees and the PGCE provide a grounding in the theory of teaching and pedagogy, but so does the four-stage approach to the QTLS. FE lecturers are required to gain QTLS status by successfully going through professional formation, which is, according to the Institute for Learning,

"the post-qualification process by which a teacher demonstrates through professional practice the ability to use effectively the skills and knowledge acquired whilst training to be a teacher; and the capacity to meet the occupational standards required of a teacher."

By contrast, there are strong arguments in favour of a universal teacher status. Academic and vocational education are both important and require equally rigorous teaching. It is simply unreasonable, not to mention unfair, that FE teachers cannot go into the school environment. As I have said, it is crucial that highly skilled and experienced professionals can use that skill wherever it is most needed. The current system of teacher qualification is over-complicated and should be simplified to allow high-quality professionals to teach in both sectors.

My predecessor as Chair of the Select Committee wishes to speak, so I will bring my remarks to an early close. I have made the key points that I wanted to make, and I hope that the Minister will be able to respond positively. We need to ensure that we have a rich curriculum that regards vocational and practical learning as equally important, equally valid and equally useful as academic learning. There should be a system through which we increase academic rigour, while ensuring that the whole work force and every type of learning are treated according to their merits and that every child can access the best possible teaching whatever course they are doing at whatever time.

Mr Sheerman *rose—*

Mr Jim Hood (in the Chair): Order. The hon. Gentleman who has secured the Adjournment debate has agreed to the hon. Member for Huddersfield (Mr Sheerman) saying a few words, as has the Minister, but I ask him to give the Minister adequate time to respond to the debate.

4.13 pm

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I apologise, Mr Hood. In the communication that I had with the Chairman of the Select Committee on Education, the hon. Member for Beverley and Holderness (Mr Stuart), there was obviously confusion about which debate we were talking in. We have contributed to the debates here and in the main Chamber, so sorry for the communication difficulty and thank you, Mr Hood, for the opportunity to speak briefly. I am also grateful to the Minister for agreeing to let me contribute. I only want to speak for two minutes.

[Mr Barry Sheerman]

I care passionately about the matter. If we are to have a system with increasingly diverse post-14 routes—apprenticeships, people staying on in FE, people doing diplomas and more conventional vocational routes and being able to switch across from those—we need a profession that can teach across the piece post-14. I make a plea for the recommendations of the former Children, Schools and Families Committee, of which I was Chair, to be considered. I also co-chair the Skills Commission, so I wear both those hats today. I should put on the record that Baroness Sharp in the other place played a significant role in the recommendations that came out of the Skills Commission. She is a very knowledgeable person in this area. We also had great help from Policy Connect in organising that inquiry.

I am here to support the Chairman of the Select Committee. I hope that the Minister will say that there can be some positive movement on the matter. He knows that we tried to be helpful when we did our inquiry into the training of teachers, and many of the people who have read that report think that it was balanced. The report had cross-party support, and it gives people in the Department the opportunity to consider how the future of the teaching profession can get even better than it is today.

4.15 pm

The Parliamentary Under-Secretary of State for Education (Tim Loughton): It is a pleasure to serve under your chairmanship, Mr Hood. I congratulate my hon. Friend the Member for Beverley and Holderness (Mr Stuart) not only on securing the debate but on being part of the dynamic duo that is now performing in this Chamber, having dual-tasked and performed just a few minutes ago in the main Chamber.

This is an important issue. I recognise the particular interest in the subject that the hon. Member for Huddersfield (Mr Sheerman) has and his background in the work that his Committee did before the election. It is therefore appropriate that he was able to contribute. My hon. Friend the Member for Beverley and Holderness made some positive and constructive points, and I wholeheartedly agree with the sentiment of his comments. He asked me to be sympathetic, constructive and positive in my response; as he well knows, I always endeavour to do so. Whether I can give him the detail of that sympathy, constructiveness and positivity remains to be seen, given that the Minister of State, Department for Education, my hon. Friend the Member for Bognor Regis and Littlehampton (Mr Gibb) would normally be responding to the debate. Of course, he is involved in the debate in the main Chamber.

Mr Graham Stuart: I am grateful to the Minister for responding to the debate, given the pressures on the Department. I understand why he finds himself in that position. As he is helping out the Minister with responsibility for schools, perhaps he will ask whether my predecessor as Chair of the Select Committee, Baroness Sharp—if she wishes to join us—and I can meet the Minister with responsibility for schools to discuss the matter further after having heard the Minister's remarks.

Tim Loughton: I will be delighted to pass on that invitation for a meeting. I am sure that the Minister with responsibility for schools will be sympathetic, positive and constructive in his response to it. Notwithstanding what is going on this afternoon, the timing of the debate is also appropriate given the review of vocational education that the Secretary of State has asked Professor Alison Wolf to carry out—her name was mentioned in the main Chamber a little while ago.

The Government attach great importance to improving vocational teaching in schools. In response to my hon. Friend's point, it is certainly not a question of being second class to academic education or treating vocational sector teachers as second class; it is a question of appropriateness and horses for courses, in the same way as perhaps primary school teachers do not readily transfer to become secondary school teachers and vice versa. I want to make it clear that all aspects of teaching those different areas are absolutely valued, but that they will be more appropriate for certain people in certain areas than in others.

My hon. Friend made a point at the beginning with which I wholeheartedly concur: we need to shape institutions around children and young people to ensure that they are getting the most appropriate support, education and training of whatever type, rather than trying to pigeonhole people into particular structures. The coalition agreement for the new Government included a commitment to better vocational education in England, and the Secretary of State's speech to the Edge Foundation last year on 9 September set out the need for radical reform to address long-term weaknesses in practical learning. That is why we have asked Professor Wolf to carry out what is proving to be a major review and to make recommendations about how vocational education can be improved.

Professor Wolf's review is considering how we can ensure that vocational education for 14 to 19-year-olds supports valuable participation and progression into the labour market and into higher level education. The final report will include practical recommendations on how vocational education will be improved in line with the public commitment that we have made. I know that Professor Wolf has made very good progress with the report. She has met teachers, heads and college principals to inform her review, and she has been considering submissions made as part of the call for evidence. We look forward to receiving her full report later in the spring, as the hon. Member for Huddersfield has mentioned.

Mr Graham Stuart: If I recall, the original timetable was that an interim report would be presented by Professor Wolf before Christmas. Has such a report been presented to Ministers? If so, can it be published?

Tim Loughton: I am not aware that a full-blown interim report has been presented to Ministers. I am aware that there have been preliminary discussions between Professor Wolf and Ministers about her initial findings. I do not think that an exact date has been set for publication so far, but when my hon. Friend has the meeting with the Minister with responsibility for schools I am sure he will be able to elaborate further on the exact details.

Mr Sheerman: When Professor Wolf, who used to be on the Skills Commission with us, was appointed by the Secretary of State, was she told that half way through her report, the rug of the EMA was going to be pulled from under her feet, or was she oblivious to that fact?

Tim Loughton: I cannot answer for any discussions my right hon. Friend the Secretary of State and other Ministers have had with Professor Wolf on her appointment. I am not in a position to answer that. Again, that is a question that the hon. Gentleman can address to the Minister with responsibility for schools. I am sure that the Minister will grant an audience to him, his dynamic duo partner and the noble Baroness Sharp at a later date.

An expert, experienced work force with the right training is, of course, essential to a successful future for vocational education. The Government have therefore asked Professor Wolf, as part of her review, to look at work force issues in particular. I know that Professor Wolf has identified many of the issues raised by hon. Members today, and that her report will consider further education teachers' eligibility to teach in schools, and in particular the question of why FE-trained teachers, who have already achieved Qualified Teacher Learning and Skills status, also need to gain Qualified Teacher Status to be able to teach as qualified teachers in schools, which is the essence of my hon. Friend's argument.

Pending Professor Wolf's independent report, it would not be right for the Government to reach a definite conclusion on some of the issues that we have debated here today, and I am sure that hon. Members understand that. However, I can set out the simple ambitions that should guide us in reviewing this policy: getting the best people into schools and colleges, relevant to the demands of the particular curriculum or subject, whether academic or vocational; and fairness in dealing with the teachers who dedicate so much to providing excellent education, both academic and vocational. I include in "teachers" the experts from industry and professions who want to pass on their expertise to the next generation by supporting vocational education.

We do not think the current policy goes far enough in meeting those ambitions, which is why Professor Wolf is looking at this area so carefully. It is vital that schools have the flexibility to employ the staff they need to offer excellent vocational education to their particular set of students. It is also vital that the contribution that teachers with a further education background can make to schools is fully recognised by schools.

I want to address the specific proposal that the solution to the problems identified here today is simply to bring the professional statuses for further education and schools together into one status. I am aware of the conclusion of the Skills Commission inquiry into teacher training in vocational education, which was published last year and to which both hon. Members have alluded. It concluded by stating the need to achieve convergence of the two separate teacher training regimes that currently exist for teachers of academic subjects in schools, and those of vocational subjects in FE and the post-compulsory sector. The former Children, Schools and Families Committee reached a similar conclusion when it looked into teacher training and reported early in 2010, under the chairmanship of the hon. Member for Huddersfield, that there should be harmonisation of training programmes.

The Government accept the issues highlighted in those reports. There are clearly problems that we need to look at carefully and address, but in addressing those issues, and those raised in debate today, we must also be careful to take a balanced approach. That means that we must not remove the safeguards that guarantee to pupils and parents the standard of teachers that they expect in the schools that their children attend. We should remind ourselves of what we have at the moment: a wholly graduate teaching profession with expertise in teaching the national curriculum; teachers trained to deal with the particular challenges of providing a stimulating education to children; and a profession where individual teachers have the flexibility to teach across all school age ranges from five to 18. That is a foundation that the Government will build on to create an outstanding teaching profession, as set out in the schools White Paper, "The Importance of Teaching".

I recognise the logic of convergence. There are, of course, many similarities between the jobs done by teachers in schools and in FE colleges. However, we must also be clear that QTLS status has been designed for the distinct requirements of the further education sector, with a focus on vocational learning and teaching over-16s. That does not prepare teachers to carry out the full range of work that is required of a qualified teacher in a school, as set down in the standards for qualified teacher status. Those include a degree, usually in the subject being taught, knowledge of the national curriculum, which it is the basic duty of schools to offer, and experience of teaching in two age ranges and capabilities around safeguarding and behaviour management that are different for younger children. Simply allowing anyone with QTLS to teach in schools would mean that we were not able to guarantee the rigorous academic expertise of teachers to pupils and parents. Whatever the recommendations, results and the way ahead, a good deal of work will need to be done to offer appropriate teaching to children and young people in those different educational environments. It cannot just happen simply because the rules have changed.

There are ways that the Government can address the need for reform in this area without undermining our plans to build a graduate teaching work force to create an outstanding, high status profession. For example, we have already consulted publicly on an assessment-only route to obtaining QTS for those who have substantial experience of working in schools or further education, and who have a degree. That will offer a more flexible route to QTS accreditation with minimal teacher training.

In the wake of Professor Wolf's recommendations, I expect that we will be able to bring forward further proposals. For example, one such proposal might be to support teachers without degrees who wish to teach the vocational subjects in schools that they are already able to teach in colleges.

I hope, without being able to go into go into an enormous detail, pending the report and given the limitations on my own presence here and my particular brief in the Department for Education, that I have at least signalled to the satisfaction of my hon. Friend and the hon. Member for Huddersfield that this is a matter to which the Government are giving considerable and urgent attention in order to improve the current policy.

Mr Graham Stuart: I appreciate the tone and quality of the Minister's remarks. The Government are backing university technical colleges, which will provide education for young people from the age of 14. Those young people will sometimes come in, dressed in a boiler suit at the age of 14, and have a spanner in their hand at 8.30 am or 8.45 am. If the Government are going to

[Mr Graham Stuart]

consider, following the Wolf review, greater flexibilities, the age at which young people start must be 14. That would fit with the university technical colleges and the wider Government programme. I just wanted to make that point on the record to the Minister today.

Tim Loughton: I hear what my hon. Friend has said. Those comments might have been as appropriate in the previous debate in this Chamber, which involved the Minister for Further Education, Skills and Lifelong Learning, who is a Minister in both my Department and the Department for Business, Innovation and Skills, but I have heard what he has said and will pass those comments on along with all the comments from hon. Members this afternoon.

I am confident that the decisions that we will take in the light of Professor Wolf's review will result in a more logical position than we have at present—we all readily acknowledge that—which will continue to improve the quality of the school teaching work force, allow schools to make the best use of teachers with experience and expertise from outside the classroom and is fair to all those who play a role in the education of young people.

May I reiterate my gratitude to my hon. Friend the Chair of the Select Committee for the balanced, measured and informed way in which he put his comments? I undertake to pass on the points that both hon. Members have made and to urge my hon. Friend the Minister with responsibility for schools, in his greatly uncluttered diary, to find time to have a more detailed meeting with them.

Mr Sheerman: I remind the Minister that tens of thousands of young people who are 14 years old are presently being taught—not all week, but two or three days a week—in the FE sector. Studio schools, the first of which has opened in Huddersfield, will also be taking young people working in a work environment from the age of 14. It is a fact that 14-year-olds are being taught by highly qualified staff in the FE sector.

Tim Loughton: The hon. Gentleman can be duly contented that I am suitably reminded of the points that he has made and that I will pass them on to my hon. Friends as well. I thank him for his contribution.

Basic Bank Accounts (Scotland)

4.29 pm

Sheila Gilmore (Edinburgh East) (Lab): It is a great pleasure to serve under your chairmanship, Mr Hood.

I am extremely grateful for the opportunity to introduce this debate. The stimulus for requesting it came from a report published in November 2010 by Citizens Advice Scotland—the umbrella group for citizens advice bureaux in Scotland—called, "Banking on the basics". It was based on a survey that it carried out and the experiences of the many bureaux in the country. Many of the points and recommendations in the report are echoed in the report of the Financial Inclusion Taskforce, "Banking services and poorer households", which was published in December 2010. It addressed the subject on a UK-wide level. Clearly, the issues are similar north and south of the border.

One of the relatively unsung but important pieces of work done by the Labour Government after 1997 was the detailed research, analysis and, most important, development of action plans to tackle poverty, deprivation and social exclusion. Outwith some of the political knockabout that sometimes takes place, I hope that we can all agree that it is only long-term, painstaking work of that kind that will make a real difference. It has to be sustained over a long period—we will not necessarily get instant results.

One of the strengths of the work was how it was spread across Government Departments, including the Treasury. It was not simply sidelined into the kind of Department that normally deals with poverty and deprivation. In 1999, Treasury policy action team 14 made its report on access to financial services, and from that flowed, among many other things, the basic bank account proposal.

Why is access to banking so important in this context? First, it helps people to manage their budgets more effectively and cheaply. Operating in cash is extremely expensive; for example, those who cannot pay fuel bills by direct debit pay a higher tariff, especially if they use prepayment meters. Buying essential household goods through catalogues, and mechanisms such as rent to buy are also extremely expensive. A useful report which highlights some of the issues for poorer families came out just this week from Save the Children.

Basic bank accounts also serve as a gateway to other mainstream financial services, including savings, insurance and credit, so people can make the journey from the basic bank account to other elements of financial inclusion in due course. Increasingly, many employers want to pay wages into a bank account. A number of bureaux survey respondents in the CAS report had encountered difficulties entering employment because of that. They could not get a bank account, or, if they got cheques, they encountered high bank charges to have them cashed.

Clearly, becoming "banked" will not in itself overcome poverty and deprivation, but it forms an important part of the jigsaw of policies and actions that are needed. There has been considerable progress. The goal of halving the number of the "unbanked" was met by 2009. Treasury figures for the UK in December 2010 show that the proportion of adults living in a household without access to a current, basic or savings account reduced

from 4% in 2002-03 to 2% in 2008-09. The corresponding figures for Scotland show a fall from 6% to 3% over the same period.

The unbanked remain largely concentrated in the most deprived areas, and among certain groups: the retired, those who are of working age but in poor health and lone parents. Fairly significantly, in terms of access routes, 54% of the unbanked were council or housing association tenants. Only 16% of those with bank accounts fall into that category. I mention that partly because I think that that is a way in which some of the access routes could be enabled.

That still leaves a substantial number of unbanked adults. The CAS survey showed that two thirds of those who did not have access to a bank account had tried to open one. It is sometimes argued that the remaining unbanked do not want bank accounts.

Chris Evans (Islwyn) (Lab/Co-op): I have listened to my hon. Friend. From my experience working in a bank—I worked for a bank 10 years ago, when the basic bank account was introduced—I have to say that the attitude of some bank workers was appalling. The basic bank account does not credit score, so they could not sell products, and they treated many people with basic bank accounts as second-class citizens. Does she agree that that is an absolute scandal in this day and age?

Sheila Gilmore: I certainly agree. I shall speak later about how we can move this forward, and one way is by improving the practices of some banks in that regard.

There are several main reasons why people cannot access basic bank accounts, of which that may well be one. Another is having a poor credit history or, indeed, no credit history. I shall quote one example from the CAS survey:

> "I had a full driving licence but never had a bill in my name as I live with my mum and dad. I am 28 years old and can't get a bank account."

There are people who have not taken any credit in the past and do not have a record.

Anas Sarwar (Glasgow Central) (Lab): I congratulate my hon. Friend on securing this debate. I was a dentist in a previous life—I am a glutton for punishment, perhaps. I have a similar story. We employed a new dental nurse who had no credit history at all. She did not have a driving licence—she was straight out of school—or her birth certificate, which had been lost in her parents' messy separation, so she was not able to open a bank account. Instead, every week she had to take her cheques to one of the local pawnshops and pay £3.50 to get her money. That is a simple story, but the situation affects thousands of people across the UK.

Sheila Gilmore: I thank my hon. Friend for that example. It is important to understand that these things do still happen in this day and age, although it might be surprising to some people.

On the inability to meet some of the identity requirements, the Financial Services Authority permits use of a wide range of identification, but local advice agencies in my constituency have told me that meeting the requirements can be problematic. Not all banks operate to the FSA guidelines. They demand either a passport or a driving licence, which not everyone has. Such things as a letter from a housing association or benefit entitlement documents are not accepted, so the whole process takes a long time.

Other people are in a situation where they owe money to a bank. Sometimes it is appropriate that they open up a basic bank account elsewhere to enable them to function while they are dealing with previous debts. There is a growing difficulty with the consolidation of banks, in that there are too few banks in many places. In some small towns in Scotland, there is very little choice.

Katy Clark (North Ayrshire and Arran) (Lab): My hon. Friend will be aware that an increasing number of people are being made bankrupt in Scotland because of the operation of legislation that allows people to be made voluntarily bankrupt because of their financial situation. That group in particular has a great deal of difficulty in opening bank accounts. Does she think that that issue also needs to be addressed?

Sheila Gilmore: I very much do. At present, only two of the mainstream banks allow undischarged bankrupts to open a basic bank account, and that creates a difficulty in Scotland in particular. One is the Co-operative bank, but it has few branches in Scotland, even with the merger with Britannia; the other is Barclays, which does not operate in many places in Scotland. In Edinburgh, there are only two Barclays branches. They are near each other in the centre of the city, so it is difficult for people to access any bank in Edinburgh that would enable them to have a basic bank account if they are an undischarged bankrupt.

There are also issues around high bank charges, which can lead people to abandon their bank accounts. For instance, a direct debit comes in at a time when there is no money in the account. They are unaware of that, and a bank charge is levied. Ironically, some people found that doorstep lenders who would be more expensive in the long term were more sympathetic and easier to use. They would allow a payment to be missed occasionally. We know that that is an expensive way of working, but the inflexibility of banks and an automatic bank charge when one is on a marginal income anyway put people off.

Yvonne Fovargue (Makerfield) (Lab): Recent research has found that 60% of people go to the high-cost pay-day lenders to consolidate their borrowing. Does my hon. Friend agree that access to a bank account may prevent some of that from happening?

Sheila Gilmore: I agree that we need to stop that happening, and bank accounts are one way of doing so, although we must also take other measures.

How can we make further progress? My submission is that banks should be legally required to offer a basic bank account when an application for a current account has been refused. That was proposed in the March 2010 Budget and was a commitment in Labour's 2010 election manifesto.

The Government also have a role in encouraging mainstream banks to use all the best practice and not to introduce obstacles such as those that several of my hon. Friends and I have discussed. That includes ensuring that undischarged bankrupts are allowed to open bank accounts and that people with no credit history are

[Sheila Gilmore]

given access. Banks should market such basic accounts fully, and staff should be trained and encouraged to do so. The ID requirement should be reviewed and, again, staff should be clear about what is necessary; they should not over-ask, which puts people off. If, even with such changes, banks have to or feel that they have to refuse an application, they should at least be obliged to give people information about alternatives.

The Government need to support alternative providers for people on low incomes, including credit unions and community development financial institutions such as Scotcash in Glasgow, which not only offers loans but has been giving people assistance with basic bank accounts. In its second year of operation, Scotcash assisted 553 individuals to open a basic bank account. However, such organisations depend on a relatively high degree of public support, and it is important to consider ways of helping those institutions to grow further. Many were able to get started because of the previous Government's £100 million growth fund. If that fund does not continue, many will have to reduce their operations in future years. Reforming community interest tax relief would assist them, as would keeping mainstream banks to their previous commitment to help such community financial institutions—most have not kept that commitment. The debate is not primarily about savings or credit, but such points illustrate how all the issues are linked and how the Government need to have an overall financial inclusion strategy and to act upon it.

I have some specific questions for the Minister. First, will the Government commit to establishing a universal right to a basic bank account? Secondly, will they continue the work of the Treasury's Financial Inclusion Taskforce after the end of the current financial year, because it has been behind so many measures? Thirdly, how will they encourage banks to remove current obstacles to securing a basic bank account, as outlined? Fourthly, how will they support alternative mechanisms for those for whom a bank account may still be impossible or undesirable?

I have a couple of specific proposals for the Minister. What practical and financial support can be given to enable post offices and credit unions to enter partnerships? In the short time that I have been in the House, there has been much discussion but no specific action allowing that to happen. If post offices do that, there is a cost, which the post office network perhaps feels is difficult to meet at this stage in its operations, but the Government could assist.

Margaret Curran (Glasgow East) (Lab): I apologise for missing the beginning of my hon. Friend's contribution.

Has my hon. Friend shared my experience of young people in particular having difficulties? In my constituency, Save the Children has given compelling evidence about young people who have left the family home—they are put out of it—being denied the means to get a bank account and, therefore, the means to set up proper financial arrangements, further pushing them into poverty. The issue is a key plank in tackling poverty and helping people back on to their feet.

Sheila Gilmore: I thank my hon. Friend for making that point. The issue is important for young people. Many people talk about financial education being important—indeed, it is—but if someone does not even have the mechanisms in place to act on such financial information, which was perhaps got through school, participating fully in society, getting employment, having wages paid into banks and so on will be difficult. Many young people in that situation are setting up home for the first time, so it would be helpful if they could access facilities that, for example, allow them to make fuel payments cheaply.

Finally, and specifically, I am interested in the Government's view on reforming the community investment tax relief to assist community development financial institutions, so that they can expand their business without necessarily being wholly dependent on grant assistance. That would enable such an important strand of financial inclusion to continue.

4.45 pm

The Financial Secretary to the Treasury (Mr Mark Hoban): I congratulate the hon. Member for Edinburgh East (Sheila Gilmore) on securing this important debate tracking progress on basic bank accounts and on what more needs to be done to encourage financial inclusion.

I confirm the coalition Government's commitment to improving levels of financial inclusion. I have been involved and interested in the issue for some time. We believe that banks should serve the economy and that they should be committed to improving access to banking and the transparency of financial products for consumers.

Tackling unnecessary exclusion from banking services can help to alleviate some of the problems faced by low-income families who are currently unable to access mainstream banking services. As the hon. Lady has said, the benefits include being able to receive payments through different channels, having a more secure place to keep money and reducing the cost of household bills.

That is why the Government are committed to improving access to basic banking services and to helping people to use those services responsibly. That can only be achieved through collaboration between a number of parties, including the Government and the financial services industry, as well as a range of local partners, such as the devolved Governments, local authorities, social landlords, advice agencies, credit unions and others.

It is important to acknowledge, as the hon. Lady did, the real progress towards financial inclusion in recent years, and to note that such progress is due to the openness and support of many in the financial services sector. In her speech, the hon. Lady highlighted the reduction in the unbanked over the course of the past few years. Since 2002-03, the number of adults living in households without a transactional bank account has decreased from 3.57 million to 1.54 million in 2008-09. That number continued to fall in the last year for which we have information, with 200,000 fewer adults living in households without access to a transactional bank account. However, we cannot afford to be complacent. There is still scope to bring more households into banking services and to encourage the banks to maintain strong standards of customer service for poorer households.

I want to say a little more about the project to which the hon. Lady has referred to improve access to basic bank accounts.

Chris Evans: Before the Minister moves on, what does he believe that banks can do to manage people who are currently running their basic bank accounts very well on to mainstream banking, so that they can have credit facilities? What action can move people on to mainstream banking?

Mr Hoban: That is an important point. Banks should see the opportunity to encourage and enable people to get greater access to mainstream services, moving them from a basic bank account to a more fully functioning current account.

I will touch on the issue later, but we need to go with the grain of how people want to live their lives. Many people are comfortable with access to a bank account without an overdraft facility, for example. A challenge for policy makers is that we think of things that we might like as a function, even though sections of the community might not want such functionality in their accounts. We need to think carefully about that, although we should be clear that moving to a fully functioning current account ought to be open to those with basic bank accounts. Banks need to look at credit histories and how people manage their accounts as part of that process.

At the request of the financial inclusion taskforce, eight of the major retail bank account providers have collaborated to provide management data on their basic bank accounts. That allows us to look at levels of take-up in different local authority areas and wards across the country. At local level, there are financial inclusion champions, such as the group in Scotland funded by the Department for Work and Pensions. They are looking at how best to work in deprived areas to raise awareness and encourage more people to open bank accounts. We can continue to make effective use of up-to-date regional data to help tackle the issue in areas of financial exclusion.

The hon. Lady referred to the financial inclusion taskforce report that was published in December. That is a timely piece of work that gives us the opportunity to take stock of where we are. It raises a number of issues referred to by the hon. Lady and her colleagues, and I encourage hon. Members to read the report on the Treasury website.

The taskforce found that the experience of banking services for poorer households has been mixed. Many households have made savings on services and retail purchases, but some have lost money through bank charges. The taskforce found that the remaining unbanked are generally the poorest and most deprived people, and it recommended a number of minor changes to existing basic bank accounts to make them more accessible and easier for poorer households to use. It also highlighted the scale of the challenge of extending bank accounts to those who currently do not have them.

The research found significant indicators of relative disadvantage among the unbanked: eight out of 10 of the unbanked are in receipt of income-related benefits; more than a third have major health conditions; and a quarter have numeracy or literacy problems. As more people open bank accounts, we see the unbanked becoming concentrated in hard-to-reach, more deprived groups. We must think carefully about how to work closely with those groups to get people to open bank accounts and access the benefits that they bring.

Interestingly, we should not assume that those who do not have a bank account have not previously held one. Six out of 10 unbanked people have previously held a bank account. The research does not give reasons why those people do not currently have a bank account, but some may have had issues with managing their account and decided not to keep it open, or the account may have been closed. We are not necessarily talking about people with no experience of bank accounts. Some people may have opted not to have an account for a particular reason.

Let me reiterate the point about going with the grain of how people run their lives. Many unbanked consumers express a preference for managing their finances in cash. Some low-income households employ a number of strategies to ensure that money is available for essential living expenses, which include not withdrawing all their benefit payments at once, leaving a small amount of money as a buffer, or perhaps putting cash towards a particular purpose. We are well aware of the number of people who join holiday clubs or Christmas clubs to try to keep money in a defined account that is kept for a specific purpose, and a lot of people on low incomes find that to be a more effective way of having control over their money. They want direct control over their spending and feel that a bank account takes that away from them. Unbanked people are more concentrated in particular groups, but not having a bank account could be a conscious decision as much as a matter of exclusion, and we must therefore have a more flexible approach.

In the long term, the taskforce believes that the introduction of new models and channels for the delivery of financial services may be necessary to address the difficulties that poorer households can experience with banking. It has called on the Government to engage further with banks, e-money service providers, bill payment organisations, retailers and post offices to pursue new ways to improve the opportunities for low-income households to make the most of their money. We are in danger of getting stuck by thinking about a model of banking based around bank accounts. Increasingly, people are turning to prepayment cards or e-money as a way of controlling their finances or paying bills online.

Sheila Gilmore: The Minister has correctly identified one concern of the financial inclusion taskforce—that of bank charges that are very high in relation to the sums of money that people are dealing with. Does the Minister have any proposals to address the banks on that issue, given that by definition, people cannot run up unnecessary debt on those accounts? Perhaps bank charges should be reduced for that customer group.

Mr Hoban: The coalition agreement commits us to tackling the issue of bank charges, and we are working closely with colleagues in the Department for Business, Innovation and Skills.

I want to respond to a couple of specific points. Hon. Members have discussed bankrupts not being able to open bank accounts, and the hon. Lady was right to say that Barclays and the Co-operative bank allow undischarged bankrupts to open accounts. A number of banks are currently reviewing their policies and, in response to a call by the Government in July for banks to reconsider

[Mr Hoban]

the issue and recognise the problem, the Insolvency Service is working with the British Bankers Association to decide how to address the issue.

The guidelines in law on identification are high level, and banks and financial services institutions have a great deal of flexibility in deciding how to prove someone's identity. It is not only about having a driving licence or a passport, because there are other ways of doing it. In one of my constituency cases, a letter from the local council addressed to the person who was seeking to open a bank account was deemed to be sufficient proof of identity. I encourage banks to make their staff more aware of the rules and flexibility, and we will continue to raise that matter with the banks and the BBA.

The hon. Member for Islwyn (Chris Evans) asked whether banks are open to people opening basic bank accounts. The work of the financial inclusion taskforce, which sent mystery shoppers into banks, demonstrated that 80% of bank managers are much more open to people opening basic bank accounts. That issue has been a problem in the past, and we must maintain pressure on the banks to ensure that they offer basic bank accounts and do not turn customers away. We must tackle the barriers to people opening bank accounts.

Community investment tax relief is an important way of providing support. That tax is due for review shortly, and we will work with a full range of stakeholders to consider the options available for reform.

Ian Murray (Edinburgh South) (Lab): I am grateful to you for giving way, Mr Hood, and I apologise for missing the start of the debate.

Mr Jim Hood (in the Chair): Order. I did not give way; I was not doing anything.

Ian Murray: Thank you, Mr Hood. I will get used to the conventions of this place eventually. The Minister has responded to my hon. Friend the Member for Edinburgh East (Sheila Gilmore) on the subject of basic bank accounts. One point that I regularly heard from the BBA, the Royal Bank of Scotland and HBOS, as it was at the time, was that if the staff in local branches were not able to offer a full bank account to potential customers, they did not then offer a basic bank account. Will the Government consider issuing guidance on that through the BBA to ensure that people who do not meet the criteria for a full bank account are automatically offered a basic bank account?

Mr Hoban: I do not want to get bogged down in what banks should or should not do. Through its mystery shopping exercise, the taskforce looked at the offering of basic bank accounts, and it will publish a more detailed report this year that will help inform those processes. Obviously, the Banking Code Standards Board will also have an interest in how such accounts are offered.

The hon. Member for Edinburgh East also asked about support for credit unions and post offices working together. There has been much discussion about that in recent months, and there is already a lot of co-operation between post offices and credit unions. For example, credit union current account holders can access their accounts through the post office, and more thought is being applied to that area.

We take financial inclusion seriously, and we want to ensure that more people have access to a bank account and the benefits that that brings. It is important to ensure that bank accounts and financial services work with the grain of how people live their lives. We must look at new technological approaches and the barriers to opening bank accounts. Together, we will take forward the work of the financial inclusion taskforce in conjunction with our partners not only in government but in the financial services sector. If I have not replied to any of the hon. Lady's points I will happily respond to them by letter.

Sheila Gilmore: It appears from the Minister's words that the financial inclusion taskforce will be continuing.

Mr Hoban: The previous Government committed the financial inclusion taskforce to a five-year life. The problem is ensuring that inclusion becomes a mainstream financial services issue and is not seen as something on the margins. That is why I will work closely with the financial services sector and other interested parties to see how we can best take forward the work of the financial inclusion taskforce. It is not an issue for those on the margins; it is an issue that should be taken seriously from bank boards to bank branches.

5 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Thursday 20 January 2011

[KATY CLARK *in the Chair*]

BACKBENCH BUSINESS

Anti-Semitism

Motion made, and Question proposed, That the sitting be now adjourned.—*(Angela Watkinson.)*

2.30 pm

John Mann (Bassetlaw) (Lab): It is a pleasure to hold this debate under your chairship, Ms Clark. We thank you for the appropriate and modern way in which you have consulted on how things should happen, which was noted and appreciated by all present.

I am pleased to see, for a Thursday afternoon, a significant attendance from all parts of the House. Many more would have liked to be present and to participate, not least Ministers and shadow Ministers who have informed me of their support for the debate and for the work of the all-party parliamentary group against anti-Semitism but who, under the conventions of Parliament, are required not to participate in a Back-Bench debate in Back-Bench time. Nevertheless, putting that on the record is appropriate.

More than five years ago, I commissioned the all-party inquiry into anti-Semitism, so ably chaired by my right hon. Friend the Member for Rotherham (Mr MacShane), who will be participating in the debate, if he catches the Chair's eye. Much progress has been made over those five years, but much more remains to be done.

The basis of the inquiry, which included four different parties among the 14 elected Members comprising the panel, is that parliamentarians, like it or not, have a leadership role. Our responsibility is, first and foremost, to ensure that our own Parliament is free of prejudice, including any prejudiced remarks, whether made calculatedly to offend or ignorantly. Part of our success is that parliamentarians in this Parliament, even if any of them ever considered overstepping the mark in acceptable discourse, would step back. In fact, we have a clear understanding of what is acceptable, which is a marker for the rest of the country.

Our robust approach, first and foremost, has been to take responsibility in our own parties—although we work on a cross-party basis—for sorting out issues of racism and, specifically, anti-Semitism. In other words, we sort out our own parties before pointing the finger at our opponents. As has been stated on the Floor of the House, therefore, successes in fact have not required publicity precisely because of what we might call the re-education of those who choose to depart from the norms of normal debate—they are re-educated in their own parties—which is exactly how political parties should take responsibility. It is a credit to all parties, throughout the House, that they have been prepared to live up to their responsibilities—even so, more can be done.

In the previous Parliament, as well as the current one—under the previous and current Governments—I and others in all parties have been rightly prepared not to pick holes in the minutiae when dealing with Ministers who have taken what we want forward. We have praised them the more they have taken small risks to move things on, such as taking on civil servants and the establishment. We have been prepared to back them and not to use the normal foil in debate, criticising when everything we call for is not met.

Such behaviour is appropriate and, in that spirit, let me commend the responsible Minister in the current Government who, like his predecessors in other Governments, has been prepared to go significantly beyond the call of normal ministerial duty in the attention, the seriousness and—I do not think this is overstating it—the boldness in pushing forward the agenda that we need pushing forward. Although appropriate, that moral integrity and political courage have been appreciated well beyond parliamentarians.

As an all-party group, we will continue to back Ministers who are prepared to do things. If their initiatives are not as successful as they and we would like, we will not criticise them, but we will praise them for being prepared to take difficult initiatives, instead of sitting on the fence when it is easier to do that sometimes.

There has also been significant support from civil servants—Sally Sealey and Neil O'Connor of the Department for Communities and Local Government spring to mind, as well as others working alongside them. They have made a significant input in their briefings to Ministers, which wise Ministers have read, absorbed and acted on. Doubtless, they will continue to do so.

With such backing, we have seen other Ministers do things beyond the normal call of duty—although they are normally my political opponents, that ought to be put on the record—such as the Secretary of State for Education, with whom I often clash. However, on issues relating to anti-Semitism, he has done more than one would normally expect of a Minister in his position. That should go on the positive record for all parties.

The Minister for Universities and Science, who has a difficult portfolio when it comes to anti-Semitism, has also given us great encouragement in his months in office by his incisive understanding of the issues as they affect his portfolio and by his preparedness to take action. We commend those Ministers in particular, for being ahead of the game. We encourage others, who are doing their bit, to be ahead of the game, too, because anti-Semitism remains a major issue in this country and worldwide.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I fully agree with my hon. Friend in praising the efforts of Ministers in dealing with the issue. However, is he aware of the growing concern in the British Jewish community about rising levels of anti-Semitism, including anti-Semitic rhetoric? Do Ministers have a role in combating that?

John Mann: If my hon. Friend will forgive me, I will answer her question later in my remarks, when I will discuss such issues.

As a long-standing and internationally recognised expert and leader in combating anti-Semitism, my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman) is an example to us all. I thank her and use the opportunity of her intervention to advertise the meetings we have

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convened throughout the Jewish community since we received the Government response to our work as an all-party committee in December.

Locations for the meetings include Liverpool, where my hon. Friend is speaking, and certainly Leeds, Manchester, Oxford and London, but I will have forgotten some of the others. Members of Parliament from all parties are participating, not just explaining our good deeds, as it were, but taking on questions, comments and feedback from members of the Jewish community. Our first such event in Manchester was a huge success. It was well attended, and the rigorous debate by parliamentarians and the general public was well received. There will be more such events, which are an important aside to our work.

We must also put on the record our thanks to various groups. I refer to my entry in the Register of Members' Financial Interests and the support that I receive both indirectly and directly from the Parliamentary Committee Against Anti-Semitism Foundation, chaired by Stephen Rubin, and the support given by staff and others to the work of the all-party group against anti-Semitism. All members of the group receive that support, and I include it in my declaration.

We are grateful for and welcome the support and advice that we receive from the Community Security Trust. Gerald Ronson, Richard Benson and their colleagues ensure that we engage with the issues and are alert to the problems at all times. The trust does a magnificent job that other countries could learn from. The Board of Deputies of British Jews has worked closely with us, as has the Holocaust Educational Trust, which has involved parliamentarians and their young constituents in an effective programme to educate young people about our history. Our appreciation for those bodies is significant.

Neil Carmichael (Stroud) (Con): I congratulate the hon. Gentleman on securing this timely and important debate. All hon. Members should oppose any form of anti-Semitic behaviour. It is our responsibility to create an environment where religious and racial toleration is part of a much bigger project. If we do not accept that everybody has a right to live as they please, we will not find it easy to deal with anti-Semitism.

John Mann: I agree with the hon. Gentleman. Our approach has always been to make it clear that when we deal with anti-Semitism, we deal with racism. Some people would be prepared—not necessarily happily—to be called anti-Semites. They would certainly love to be called anti-Zionists, which they would regard as an accolade. When they are described as racists, however, they do not like that term, even though it is accurate.

Our pitch is not that anti-Semitism is a greater evil than any other form of racism, but that it is not a lesser evil and that we will not tolerate it being seen as such. Others who deal with hatred—Islamophobia or homophobia, for example—could adopt some of our methods when advancing their fight against prejudice. With the expertise that we have built up, we are always happy to work with people who are undertaking such initiatives and, in our modest way, to share our experiences and see whether there are any common ties, experiences or lessons learned that other groups can use. There is a crossover, including in methodology.

Government responses have included the establishment of the interdepartmental working group across two Governments from different sides of the political equation. That group has involved the three largest political parties, which is testimony to our methodology. It would be easy to lose that consensus, but we said four or five years ago—not, in my case, in anticipation of losing an election and power—that our success would be demonstrated if there were a continuum should there be a change of Government. The methodology that we used and the way in which we have built cross-party consensus has succeeded, which is testimony to our approach.

Other Parliaments across the world could learn from that success. All too often, dealing with anti-Semitism has become wrapped up in political argy-bargy. Sectional interests rather than cross-party working have meant that those Parliaments have not advanced as they should have. The importance of our model should not be understated, because it gives a powerful message that Parliament stands as one. The transition to the new Government and, in a more complex way to the new coalition Government, demonstrates the proof of that model. There is a danger that that message could be lost in the good works and the successes, and people must understand why those things happen in order for progress to be maintained in the immediate future and the longer term.

Tom Brake (Carshalton and Wallington) (LD): First, I apologise that I cannot stay until the end of the debate. The hon. Gentleman has discussed a crossover in methodology, and I wanted to seek his comments on something that the Community Security Trust is doing, and the methodology that it uses to protect the Jewish community. It is working with people of another faith that are suffering similar threats, and helping them to enhance their security. That is a good crossover in methodology, and I welcome the fact that the CST has taken on that role.

John Mann: That is testimony to the CST's approach. Undoubtedly, that powerful joint experience will strengthen the CST as well as its partners from other communities.

Another significant development that will be increasingly important in the future is the establishment, for the first time, of an Institute for the Study of Contemporary Anti-Semitism at Birkbeck college. I estimate that 400 people attended the inaugural lecture by Professor David Feldman, which is a significant number. The intellectual interrogation that is needed to draw on and analyse lessons from around the world is already of huge value to us, and we look forward to working closely with that institute. It is a landmark for this country. There is too much in London for my liking, but on this occasion I will excuse that, because Birkbeck is conveniently nearby. That is perhaps the only praise that London will receive from me in this Parliament.

Mr Denis MacShane (Rotherham) (Lab): As an honorary fellow of Birkbeck college, I cannot allow that slightly anti-Bloomsbury square remark to pass unnoticed. However, I have been talking to vice-chancellors in the north of England, because I agree with my hon. Friend that the study of anti-Semitism is something that we should root into our university disciplines as well as in our schools.

John Mann: Betwixt my constituency and that of my right hon. Friend is Sheffield. Perhaps one of the universities there will choose to get involved in this. That would be, if not an immediate priority, a welcome development in the future.

Let me put on the record some of the ways in which things have moved forward. Police forces record anti-Semitic hate crimes, and the first official statistics on anti-Semitic hate crime were released by the Association of Chief Police Officers on 30 November 2010. There is the Crown Prosecution Service review into the disparity between anti-Semitic incidents and the joint Government and charitable sector inter-faith school linking programme, championed by the Pears Foundation. Sir Andrew Burns has been appointed as the UK's first envoy for post-holocaust issues. He is a great champion, and his work will have an impact. We welcome that appointment and look forward to working closely with him over the coming years. There has been international replication of our model of an all-party inquiry. Canada, Italy and Germany have all, in different ways, replicated what we have done. Following the successful London conference, there was a successful Canadian-led conference in Ottawa, addressed by the Canadian Prime Minister and many others. Indeed, 51 countries participated. We are making a mark in showing our successes but also being honest about our failures. Others are picking up on that and learning from their successes and failures as well.

The Government recently announced that the burden on Jewish parents in paying for school security guards would be addressed with Government money. The inquiry recognised that as a priority. It is not a gesture but significant practical support from Government.

We have been very active and have more members than ever before in Parliament. In addition, successive Governments have been highly and appropriately engaged on the issue. Nevertheless, 2009 was the worst year for anti-Semitic incidents that the CST has ever recorded, and 2010 is not likely to be much better. Those incidents continue, and often the issues are linked to the ongoing conflict in the middle east. It behoves the Government to ensure that at times of increased tension, communication plans are in place to keep community cohesion at its most effective. Of course, the attempts to boycott Israel have been repeatedly denounced by successive Governments. In response to such attempts, the Britain-Israel research and academic exchange initiative, with Foreign and Commonwealth Office support, is a practical step towards increased, rather than reduced, academic collaboration, and a step forward towards peace. We commend successive Governments for their approach to that.

More progress is needed on a few issues, one of which is internet hate. We look forward to the promised ministerial conference, convened via the Department for Culture, Media and Sport, on internet hate. That will be significant, and we look forward to guidelines being published on establishing mechanisms for complaint, which will empower those in the communities directly affected. We also look forward to a potential American initiative that will involve meeting directly and challenging the Googles and Microsofts of this world on precisely what they are, and are not, doing, to try to ensure that there is consistency of approach at a high level. I am certain that if our colleagues in the US Congress can organise such meetings, we will in some way be able to get representatives to participate in them, because the internet is an important priority in countering race hate.

The position is similar with newspapers. I noted the potential best practice emanating from the *Manchester Evening News*, which has a proactive moderating policy on the blogs and comment pages that it runs. All too often, however, newspapers say that it is beyond them to moderate highly offensive and inflammatory remarks. I do not think that that is beyond them; I think that there is a duty and responsibility in that respect. With regard to the online press in particular, we need to see that as a priority in the next year.

I implore the Minister to take these issues back to the Government, unless he has more information for us. The issues include reviewing the Press Complaints Commission guidelines to ensure that groups as well as individuals can register complaints. The areas of the media and the internet are big priorities in the next year. We are looking for more Government action to move the agenda on, not least because the Attorney-General's office has successfully managed to prosecute those who have used vile and racist internet sites hosted abroad. We have made a breakthrough that the rest of the world is interested in and which is of huge significance, but we need to develop beyond that. It must not just be a case of isolated prosecutions that are important because they have been successful.

The Government need to take the issue directly to the European Union. Is it beyond the European Union to have some common standards relating to the internet that would greatly enhance what has happened in this country? That should be within our reach. I appreciate that there are different views on how good and useful, or useless, an institution it is, but whatever one's views, it exists and we can agree to resource it amply. However, despite the history of the origins of the EU, the Commission has never, ever seen fighting anti-Semitism as part of its remit, which must change. Addressing the internet would be a good start, and dealing with education would also be significant. That needs to be in the work programme that the European Commissioners have every time that they are appointed, that the European Parliament can comment on, and that, as necessary, the Council of Ministers can be involved in.

Mrs Ellman: I applaud my hon. Friend for drawing attention to the very serious phenomenon of internet hate. Does he agree that messages of anti-Semitic hate, often coming from Islamic sources, should be challenged in a much stronger way than they are at the moment?

John Mann: The case that was prosecuted—the Sheppard and Whittle case—involved what we could call a Nazi website, hosted in the United States, but jihadist-style or simply offensive websites, allegedly coming from, for example, Saudi Arabia, are a major problem. The United States and Saudi Arabia are allies of ours. They are generally friendly and helpful countries. However, they have a different approach. In the United States, it is about the freedom of speech. We need an approach that moves forward this agenda. The interesting issue with the Sheppard and Whittle case is that we were able to prosecute in this country actions directly related to the use of hate sites abroad. If we could get such action fully entrenched in this country and developed across the European Union, it would have a significant practical

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impact, but it also would allow dialogue, be it with the Saudis or with the Americans, from a position of some strength in terms of what is there, so that we could attempt to eradicate all internet sites that are peddling race hate, from whatever direction they come. Of course, that is significant because it is the extremists, not the normal, general, common-sense people of this country, who are attracted to such sites.

Let me mention other priorities. I shall be reasonably brief on those, because I know that other hon. Members will want to discuss them. For Government, higher education is a top priority. Another organisation that we are delighted to co-operate with, the Union of Jewish Students, is having a lobby of Parliament. I hope that hon. Members in this Chamber and beyond will meet its representatives and hear at first hand their experiences of studying in universities. Our position is clear, but it is worth repeating. In an atmosphere that is widely recognised as the most tolerant in this tolerant and democratic country, the fact is that one group of students feels that it does not have the same freedoms as others. I have described that as a consequence of antisocial behaviour. It impacts on their ability to have the same freedoms as other students, and magnifies the importance of such problems well beyond what is seen in the rest of society. Those universities, as learning institutions, must therefore be exemplary in their approach. I hope that the Government will consider the successful agreement that has been negotiated and enacted at the university of Manchester. I do not declare an interest, because it is many years since I studied there and I am discussing current students and the present administration.

That model could be used in universities across the country—it could also be used abroad, not least in north America—to set the role and remit of universities and to say how students should complain and how the outside world, including us, should evaluate and monitor the effectiveness of the procedures that have been put in place. That is an important breakthrough, and I hope that the Government will give appropriate time and energy to it, as far too many of our university institutions are paralysed whenever there is a problem and do not know what to do. There is a model for universities, and they will receive our support.

With students wanting to study at university, we, as a democratic society, cannot have the kind of incidents that we saw at the London School of Economics in December. It was not only the comments of Abdel Bari Atwan that were unacceptable, because the behaviour that resulted from them was equally unacceptable. That is not tolerance, and it is not free speech. Protocols in universities, such as the one enacted by Manchester, need to be spread to all universities. If we get that this year, it will be a magnificent achievement for Parliament and an accolade for the Government, who will have our support in pushing the universities because the issue is important.

The Minister for Universities and Science has committed himself to making clear the Government's position on speakers on campus, and we look forward to hearing what the Government have to say about that. I hope that the right hon. Gentleman will commission a departmental review and update our freedom of speech guidance.

I shall speak next about elections. There has been controversy on elections, and there may be more today. I give an example. During the last election, the Muslim Public Affairs Committee explicitly targeted six Zionists. I believe that it regards Zionists as an insult. I made a lengthy submission to the Committee on Standards in Public Life on the subject, in which I asked whether it is fair in a democracy that a group from outside can spend resources targeting people in that way—whoever they target, and from whatever direction—because it puts them at an unfair disadvantage.

Mr MacShane: I was targeted by the Muslim Public Affairs Committee; its rather stupid leaflet said, "Vote BNP to get rid of MacShane". An ultra-Islamist group was inviting the anti-Semitic BNP to dethrone me. It was not a problem in Rotherham, but it was in Oldham East and Saddleworth. It is an evil group, and my hon. Friend is right to draw attention to it.

John Mann: The Equality and Human Rights Commission is struggling with elections. We may need to write our own code of conduct this year on how elections should be run and what should happen if candidates believe that things have been done that they find inappropriate. There is a void there, and it crosses all parties. The issue is not in one direction, and it goes many different ways.

The main political parties, as well as the smaller ones, have a responsibility to ensure that candidates or complainants, including those from the community, have clear guidance on what they should do, both at the time and retrospectively. I fear that the problem is becoming too big, too quickly. Some claim success, however irrelevant their participation has been in the campaign, which emboldens more extreme action and more extreme language. If we can get agreement, we should publish our own code of practice this year outside the general election cycle. There are, of course, always elections, but we should do so well in advance of the next general election. It could be launched in the run up to the next election, with a lengthy lead-in to ensure that we get it right. That could provide a significant service. Attempting to do it may move things on in what is a tricky but rather indelicate area. If we do not, it will be to the detriment of all political parties, rather nastily and viciously, in elections to come.

I next highlight football. I do so because there is a huge danger in eastern Europe that the new Nazis will coalesce under the banner of white power using football, which may become a big problem in this country. They have not yet made huge inroads here, although groups of fanatics and thugs have made small ones using the internet. Immediately before the Olympics, the 2012 football championship will be hosted by Ukraine and Poland. It could be rather difficult, as there will be many opportunities for outrageous behaviour by those who choose deliberately to offend, and it can happen quickly and easily. Through the police and Home Office, we have great knowledge and expertise in dealing with football hooliganism and extremism. We need to lend more support to Poland and Ukraine to ensure that those countries are not caught short. It is a PR disaster waiting to happen, with extremists using the opportunity to spread their propaganda and to incite people.

I was asked by the Football Association 18 months ago to chair a working group on anti-Semitism and

Islamophobia, with many people in the football world involved. I politely asked the FA, which has a new chief executive, to respond to the report submitted by my working group, because in the big money world of football as well as at the grass roots there is a responsibility to ensure that our most inclusive of sports is inclusive at every level. It must act when people attempt to use what I regard as our national sport to perpetrate race hatred. Football should be in the lead, so I await the Football Association's response. It is about time that it did so, and I hope that it does so productively and positively.

I speak now about the international agenda and Europe. An increasing number of people in eastern Europe, including some politicians, are attempting to equate the holocaust and what happened in their countries with what happened in Soviet times. My right hon. Friend the Member for Rotherham and I were heavily involved, as were others here today, in what could best be described as anti-Soviet or anti-communist activities, not least with the international trade union movement and other organisations. We have a long track record in that respect. We understand what happened in Soviet times, but it is fundamentally dangerous, wrong and inaccurate to equate the two.

Equating the two provides an excuse for what happened to the Jewish community in, for example, Lithuania, where 94% of its members were murdered in a short period, and where many Lithuanians were involved in murdering their fellow nationals. It is fundamentally wrong and dangerous to equate things in that way, and we need to challenge that practice, because the more it takes hold, the more difficult things will be for Jewish communities in those countries, and the easier it will be for extremists to ride on the back of false nationalism and whip up hysteria, as has already happened, not least in the Baltic states, as people campaign against the Jewish international media conspiracy, the Jewish bankers and so forth. Those are old concepts, but they are being used in the modern media in these countries.

Sir Alan Beith (Berwick-upon-Tweed) (LD): The hon. Gentleman is of course right that there is a fundamental difference between what happened in Nazi Germany and what happened as a result of Soviet persecution of Jewish communities and discrimination against Jews. Surely, however, the problem with drawing such a distinction is that people must understand that if they tolerate anti-Semitism in any form, they are on a dangerous slope, which can lead to the events we saw in Europe and particularly in Germany.

John Mann: Absolutely. Our approach of being honest about the problems in our country, our Parliament and our political parties—in our own backyard—is exactly the approach that the countries I am talking about need to take if they are to come to terms with their history. That is what being part of the modern democratic world is about. These countries are now part of that world, and they need to understand their responsibilities and obligations. We should not accept lower standards from these new democracies than we do from the older democracies, including ours.

Ian Paisley (North Antrim) (DUP): I congratulate the hon. Gentleman on securing the debate at a most opportune time. Next week, the House will mark Holocaust memorial day. Does he agree that that puts down a very firm marker, which affirms many of the points that he has made? Holocaust memorial day is a very good way for Parliament to put on the record its support for many of the issues that he has addressed.

John Mann: I absolutely agree with the hon. Gentleman. I take it from his comments that we can include him as a member of our all-party group. Unless they shake their heads, we will also ensure that others present are added to our list, if they are not already on it. The hon. Gentleman's intervention was appropriate, because the work done for Holocaust memorial day is significant in this country and elsewhere in the world.

I have a final plea and question for the Government. The Auschwitz-Birkenau Foundation needs to raise a significant sum—$120 million—to preserve the uniquely wicked and evil site at Auschwitz into the future. Many countries have contributed, including the Czech Republic, Sweden, Norway, Switzerland and Estonia. Germany, of course, has given €60 million. The United States has contributed $15 million. Austria has given €6 million. Even the city of Boulogne-Billancourt has made a contribution. It is important that we meet the commitments that the previous Prime Minister gave the project. That can be done over a period of years, and it can go beyond the current three-year financial planning—it can even be a commitment for future Governments, of whatever flavour. However, it is important that this Government give a firm and substantial commitment on behalf of us all that we will play our role in guaranteeing the future of this site. On behalf of Parliament and this country, our Government should give a significant sum, albeit over a period of years, as the US has done. That will guarantee that the learning that can come from the existence of this death camp is there for future generations.

With that, I thank hon. Members for the work they have done. To the Minister, I say that we will continue our work and that we will work with him. The more that he does, the happier we will be.

Several hon. Members *rose—*

Katy Clark (in the Chair): Order. Several Members have asked to speak in the debate. I advise Back-Bench Members that if they keep their contributions to nine minutes, we will be able to call everybody.

3.15 pm

Robert Halfon (Harlow) (Con): I congratulate the hon. Member for Bassetlaw (John Mann) on securing the debate. Although I would not want to go into a dark alley with him to discuss party funding, I would be on the barricades with him on this issue. Often, when I look at people, I wonder who would be first to lead the resistance if there ever was, God forbid, a dictatorship, and I am sure that the hon. Gentleman would be right there. The work he has done over a number of years, which I watched before I was elected to the House, will be remembered by the Jewish community.

I also congratulate my hon. Friend the Member for Finchley and Golders Green (Mike Freer). I know his constituency well because I grew up there. His community is very lucky that he is its representative and specialises in these issues.

As I have always seen it, there are three kinds of anti-Semitism. First, there is the low-level, under-the-carpet discrimination. It is the kind of anti-Semitism that

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happens at a dinner party. A person walks outside the room, and someone says, "Let's give him a ham sandwich." Everyone titters, but when he goes back into the room he does not know that anything has happened. That dinner-party anti-Semitism also manifests itself in harsh criticism of Israel, which is out of all proportion to the criticism of any other country. Given that it is out of proportion, I would argue that it is sometimes used as a fig leaf by people who just do not like Jews.

Secondly, there is skinhead anti-Semitism: thugs smashing up graveyards, violence and intimidation, and the criminal damage done to synagogues around the world. Dare I say it, that is the easiest kind of anti-Semitism to deal with because we at least know what we are dealing with.

Today, however, the most worrying, pernicious, dogmatic and dangerous form of anti-Semitism comes from extreme Islamism. Yes, it is true that extreme Islamists do not just attack Jews—the massacre of 21 Christians in Egypt on new year's day is a tragic reminder of that. As we know, the free world faces a major assault on its values. Whether we are talking about Baha'is in Iran, Christians in Egypt or Jews in Israel and elsewhere in the world, the extreme Islamists believe that theirs is the only view that deserves to survive. The terrorist attacks of 9/11 and 7/7 were not just attacks on Britain and America, but were explicitly designed as an assault on western civilisation itself.

Islamism, by the way, should never be confused with Islam. Islam is a religion, practised by millions of citizens. Islamism, however, is a revolutionary political doctrine, supported by a small minority, whose aim is to overthrow democratic Government and replace it with religious autocracy.

I raised the threat posed by Iranian President Ahmadinejad's anti-Semitism in early-day motion 1145. Today, however, I want to focus on the problem of extreme Islamism in the UK. I want to make four key points. First, numerous factions and splinter groups, such as Hizb ut-Tahrir, operate in the UK. They call for the eradication of Israel, but they have not been banned. Moderate Muslims, Jews, Christians and members of all parties have called for the Government to proscribe Hizb ut-Tahrir because its website, leaders and literature frequently promote racism and anti-Semitism, call suicide bombers "martyrs" and urge all Muslims to kill Jewish people. Hizb ut-Tahrir is an extremely destructive group, which should no longer be appeased.

Secondly, there is extremism in universities. Late last year MI5 identified as many as 39 university campuses as vulnerable to violent extremism. The London School of Economics, as has been mentioned, has increasingly serious problems not just with students but with its professional staff. The involvement, for example, of Dr John Chalcraft and Professor Martha Mundy with its middle east centre is worrying. Those two senior LSE academics are extreme advocates of the movement to boycott Israel on the international stage. As the organisation Student Rights has shown, they have a track record of intense hostility to Israel and the Jewish people. As with many so-called study centres for the middle east, much of the funding flows from mysterious trusts and foundations in Islamic dictatorships, whose accounts are not transparent. A further example is the LSE's Palestine society, which is soon to host a visit by Ahron Cohen, a leading anti-Zionist, whose conference expenses are usually paid for by the Iranian Foreign Ministry, and who stated in *The Sunday Times* that the Jews who died in the holocaust deserved it. Those people do not help the debate. They do not promote peace, and the LSE has a duty to explain why it allows those things to continue.

Thirdly, there is radicalisation in some mosques. I recently had the privilege of going to Kurdistan with the all-party group on the Kurdistan region in Iraq. The Prime Minister of Kurdistan told me that he had been to England and visited a mosque in the north; he said that if he had seen that kind of mosque in Kurdistan he would have shut it down overnight, because of its aggressive and intolerant teachings. Kurdistan is very progressive, and supportive of the Jewish community. We all know the reports that Richard Reid and Jermaine Lindsay who triggered the King's Cross explosion on 7/7 spent considerable time together at Brixton mosque in south London.

Finally, and most alarmingly, there is a creeping culture of appeasement in Whitehall. Whether that is a push to create artificial Muslim organisations, such as the Muslim Council of Britain, or civil servants going out of their way to appease radical Islamists, it is a major worry.

Mrs Ellman: Does the hon. Gentleman share my concern that the anti-Semitism that he describes is rarely opposed by those who declare themselves anti-racist?

Robert Halfon: As always, the hon. Lady puts her finger on the button. She has a strong track record in dealing with those issues, and I agree with her completely.

Hon. Members may recall that last autumn the director general of the office for security and counter-terrorism, Mr Charles Farr, was reported as pledging his support for the extremist Mr Zakir Naik to enter the country. That was in complete opposition to the views of the Home Secretary, who barred Mr Naik from entering the UK. We also hear in the news today that Ken Livingstone is now an employee of the Iranian Government's English propaganda channel, Press TV.

What are the effects of extremist culture in the UK? One consequence, which I raised with the Prime Minister, is that Britain has become an exporter of terrorism. From Afghanistan to Sweden to Israel, extreme Islamists from the UK have been travelling abroad with the intention of causing mayhem and murder. Closer to home, we all remember the attack on the right hon. Member for East Ham (Stephen Timms). In the Jewish community there is a constant climate of fear. There are growing reports, as has been mentioned, of Jewish students being spat at and beaten up, and having their rooms vandalised, and the incidence of recorded anti-Semitic events on university campuses has spiked in recent years. The CST recorded nearly 1,000 major anti-Semitic incidents in 2009—the highest annual total since it began records in 1984. Guards are now posted outside many synagogues and Jewish schools. Hate literature and terrorist propaganda are now sold openly in many book stalls or religious outlets.

Mr David Burrowes (Enfield, Southgate) (Con): I pay tribute to my hon. Friend as a friend who many years before coming to the House helped me to gain an understanding of the impact of anti-Semitism within

the Jewish community. Does he agree that there is no room for complacency in our universities and schools? That was brought home to me this week when my son came home feeling concerned, and unable to understand why his locker had been etched with the words "Jew" and "gay". That is a horrible but timely reminder, as we approach Holocaust memorial day, of the deep and evil hatred and intolerance at the root of the holocaust, which we must counter today as we have in the past.

Robert Halfon: My hon. Friend, who spent many a Friday night at my house in our childhood, and who knows a lot about the Jewish community, is exactly right. He has been a great friend of the Jewish community for many years. What happened to his son is a tragic symbol of an incident that happens all too often. I should mention that the kind of people concerned do not just attack Jews; they then move on to the next thing. It is noteworthy that the words written were "Jew" and also "gay".

The usual excuse for what is happening is the state of Israel, or the Iraq war. That is the reason that we are given for Islamism. However, I believe that that worldwide movement of extreme intolerance uses Israel and Gaza as an excuse for anti-Semitism and violence. Of course there are difficulties between the Israelis and Palestinians, but that is not the root cause of extremism. The reality is that even if the Gaza conflict were to be solved tomorrow, with Israel retreating mostly to 1967 borders, the Roshonara Choudhrys of this world would still exist. The objective of extreme Islamists is not a peaceful resolution to the middle east situation, but jihad; it is an ideology that believes that Israel and, by extension, Jews should be wiped off the map. President Ahmadinejad, as I have mentioned, makes no local distinction between the west bank and Tel Aviv. It is the catch-all Zionist entity that must be destroyed. When Ehud Barak offered almost everything to Yasser Arafat at Camp David in 2000, far from discouraging Islamists, it emboldened them. Extreme Islamism exists because of dogma and ideology, not policy goals. Our public institutions must stop appeasing that threat.

There are now security guards outside many synagogues and Jewish schools for 24 hours a day. The Education Secretary has had to spend £2 million to fund tighter security measures for Jewish faith schools in the state sector. Is it tolerable in a free democracy that a religious minority is under threat? I remember being in a London synagogue—not as recently as I should have been—where the rabbi said to the congregation "Please do not congregate outside, because of the terrorist threat." That was in London. I thought, "How can it be that you go to synagogue and cannot walk outside, like any normal religious faith, and chat outside with family and friends?" When I think about it, it makes me weep. I thought it was wrong of the rabbi to say it, despite the security threat, because we do not live in 1930s Germany. We live, proudly, in the Britain of 2011.

I welcome the Government's response to the all-party inquiry into anti-Semitism, which contained many strong and positive measures, such as the £2 million from the Education Secretary to protect Jewish faith schools in the state sector, and £750,000 to educate British students about the holocaust, through organisations such as the Holocaust Educational Trust. I did not agree with the previous Prime Minister on much, but I very much respect the work that the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) did in that respect. However, at the same time there is quite a lot of Sir Humphrey—or perhaps in this case Sir Humphrey Cohen—with draft scoping documents, diagnostic toolkits, cross-Government working groups, focus polls of staff and students about their experiences of higher education, self-audit performance schemes, conferences, and stakeholder engagement forums. I am sure that some of that will be valuable, but the original report of the all-party inquiry put a heavy emphasis on the problems on university campuses, and that is where the Government need to take bold action.

The academic Michael Burleigh wrote in *The Spectator*, in January 2010:

> "Waffling on about free speech and forming committees is no way to deal with nascent terrorists".

He went on:

> "Last weekend, it was revealed that British students have been visiting Somalia to fight for the extremist group Al-Shabab…while the Sunday Telegraph reported that Yayha Ibrahim, an extremist preacher barred from America and Australia, was planning a speaking tour of British campuses. This just weeks after underpants bomber Umar Farouk Abdulmutallab, an alumnus of University College London, attempted to murder 289 people on a Christmas Day flight to Detroit."

The writing is on the wall. The problem is clear. If we delay action, we will allow it to continue. The poison of extreme Islamism is not something that can be talked into submission or bubble-wrapped in bureaucracy. Its imams are preaching the most ideological and embittered form of anti-Semitism in the UK. The fundamental right of Israel to exist and of Jewish families to live in peace should not be a matter for debate.

The Education Secretary has often said that a democracy can be judged by how a country treats its Jews, and I completely agree with him. When it comes to extremism and anti-Semitism, the time for words and appeasement is over. Extreme Islamic groups must be proscribed. Hate preachers must be prevented from coming to the UK by a zero-tolerance policy. The Charity Commission needs to improve the monitoring of these extreme groups' finances, as many have charitable fronts. Finally, there must be a financial penalty for university campuses that do not put their house in order.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): In trying to tackle race hate on campus, does the hon. Gentleman not agree that more needs to be done to prevent blame shifting from university authorities to the student unions?

Robert Halfon: The hon. Lady is exactly right. The blame lies squarely with the university authorities for allowing this sort of thing to go on.

Finally, as Golda Meir once said, pessimism is a luxury that no Jew can allow himself or herself. I do not want to be pessimistic, but I am very worried. I hope that the Government will respond with real action to some of the suggestions that I and other hon. Members have made today.

3.31 pm

Mr Denis MacShane (Rotherham) (Lab): I am happy to follow the hon. Member for Harlow (Robert Halfon). I found nothing in his speech that I do not completely

[Mr Denis MacShane]

applaud. I pay tribute to my hon. Friend the Member for Bassetlaw (John Mann), whose energetic, coherent and sterling work on anti-Semitism has been a model for parliamentarians around the world. I am grateful to him for bestowing on me the honour of chairing an inquiry into anti-Semitism.

Two or three months ago, my hon. Friend attended the Inter-parliamentary Coalition for Combating Antisemitism in Canada. What reward did Canada receive for hosting that conference? On Sunday, there were horrible, brutal anti-Semitic attacks on four schools and a synagogue in Montreal. They took place in the Montreal riding—constituency—of Mount Royal where my good friend, Irwin Cotler, the former Justice Minister in the last Liberal Government of Canada, is the MP.

Professor Cotler is one of the world's greatest human rights advocates and, as a Minister, he dedicated himself not only to combating anti-Jewish hatred but to wider human rights questions, including the defence of human rights activists in Palestine and Egypt as well as aboriginal Canadians. There is a move in Canada and elsewhere to nominate him for the Nobel peace prize, and I can think of no worthier recipient.

Two years ago, I had the pleasure of working with Professor Cotler in Geneva at the Durban 2 conference. The first Durban conference degenerated into an anti-Semitic hate fest. It had been called to combat racism around the world, but the only country that was denounced as racist was—surprise, surprise—Israel. Although I was a Foreign and Commonwealth Office Minister at the time, I was not responsible for that area. It was to Britain's shame that we did not withdraw our delegation.

At Durban 2, our ambassador walked out as Iran's President Ahmadinejad launched into one of his traditional appeals to Jewish hate. I hope that the Minister will assure the House that in the preparations for Durban 3, the UK will take the strongest position to ensure that the anti-Semitic elements in international political affairs will be kept in their ugly holocaust-denying and Israel-hating box and that the issues around the racism and Christianophobia that is endemic in many middle east countries get a full airing.

I must say to you Ms Clark and to my colleagues on the Front Benches that I have a parents' evening at my daughter's school, so I may not be here for the winding-up speeches, but believe me I will read *Hansard* very carefully.

I am concentrating on international affairs, because the two previous hon. Members spoke very adequately about what is happening in the UK and at the Department for Communities and Local Government. Before this debate, I checked on the Foreign and Commonwealth Office website under the heading "anti-Semitism" and found that all the references were to the previous Government and the initiatives that were undertaken—I must stress that they were undertaken on an all-party basis—after the all-party parliamentary group against anti-Semitism made its report three years ago. Many of the recommendations are still relevant today.

We have far too many examples of hate preachers. The woman who attacked my right hon. Friend the Member for East Ham (Stephen Timms) was inspired by one such hate preacher. So, too, was Umar Farouk Abdulmutallab, who studied at University College London. There he helped to organise a day of hate with leading anti-Jewish Islamists invited to take part. As previous speakers have said, we must ask why our vice-chancellors are so unwilling to take robust, clear action on this issue. On the whole, our campuses are fascist-free. The British National party is not welcome. Its core ideology is rooted in anti-Semitism, and its leader, Nick Griffin, has written widely to promote classic anti-Jewish themes, such as holocaust denial and accusations about secret Jewish cabals and lobbies wielding undue influence. Although we are happy to keep the BNP at bay, vice-chancellors do not take similar robust action against Islamist ideologues. I stress the word "Islamist" in its ideological sense as a political world view and not as the religion, Islam, which has the same rights as other religions and also the same obligation to be questioned and criticised by those who are concerned about the rise of religious politics across the world.

We also asked for greater involvement by the Foreign Office in monitoring the rise of political anti-Semitism in Europe and on the internet. Today, Baroness Warsi is to make remarks about attacks on Muslims with a reference to anti-Muslim remarks now leaving the dinner table and going public. In April, she told people in south Yorkshire that she did not want to see more Muslim MPs or Muslim Lords because

"Muslims that go to Parliament don't have 'asool'."

Asool is Urdu for "morals" or "principles". I am glad that she is now defending the Muslim community against unfair attacks. I hope she also tells her audience that anti-Semitism has never been returned to dinner table coarseness and that it is out there as public discourse. We have heard the casual remarks, such as the one by the European Commissioner Karel de Gucht, who said that it is impossible to have a conversation with a Jew about Israel. The German central banker Thilo Sarrazin, said that Jews have different genes. If those comments were made in the 1930s, we would see them as a historical reminder of the anti-Semitism of that period. However, those remarks were made in the past 12 months by mainstream, senior, responsible, moderate Social Democratic, Liberal and Conservative Europeans.

Mrs Ellman: Will my right hon. Friend reaffirm that anti-Semitism is shown in a wide variety of ways? Will he join me in condemning a statement made by a former Member of this House, who is chair of Labour Friends of Palestine? His statement was made at a meeting in this House. It was reported in the media and not denied. He said that there are

"long tentacles of Israel in this country who are funding election campaigns and putting money in the British political system for their own ends."

Does my right hon. Friend agree that that is, or is very close to, anti-Semitism?

Mr MacShane: That is an intolerable remark, as I told the former Member himself. It is perfectly possible to criticise Israel and to defend the cause of the Palestinian people without making a 1930s-style allegation. We can see in Europe the rise of political anti-Semitism. We have many open anti-Semites in the European Parliament, supported by the two Nazi MEPs from Great Britain.

In Hungary this week, we have had the surreal spectacle of a court allowing a convicted Nazi war criminal, Sandor Kapiro, to sue for defamation Dr Efraim Zuroff,

the head of the Simon Wiesenthal Center's Israel office. I know that Hungary is not the home of Kafka but this is Kafkaesque, as the Hungarian authorities are allowing a Nazi war criminal to persecute a Jew whose job is to expose and bring to justice the last remnants of the perpetrators of the holocaust.

Today the Prime Minister is hosting a number of right-wing parties from Baltic states at Downing street. I welcome the outreach to Baltic and Nordic states, but I hope that he is telling their leaders that the attempts by many of the conservative right-wing parties in the Nordic countries in particular and in the Baltic states to make an equivalence between the holocaust and the crimes of communism—the so-called "double genocide" campaign—is odious and offensive, and it is condemned by all democratic parties in Europe. Lord Janner of Braunstone has written eloquently about this issue.

Given my own family background, I certainly do not need any lessons on the evils of communism and Stalinism in eastern Europe. However, this downplaying and devaluation of the holocaust is a cold-blooded tactic by politicians, some of whose pre-war ancestors were openly anti-Semitic. The European right in many of the Baltic states is nationalistic and populist. Latvian right wingers celebrate the Waffen SS. Mr Michal Kaminski, the Polish nationalist politician, says that he will apologise for what happened to Jews on Polish soil when Jews apologise to Poland for what they did during world war two. Frankly, that is unacceptable language. There is very great concern in the Jewish community—tiny as it is—in those countries about this growing attempt to airbrush out of history the crimes against Jews between 1941 and 1945.

I quote Lord Janner:

"For Jews in Europe during the Holocaust there was little complication. The truth was and still remains that the Soviet and Allied forces were the heroes and that Hitler's Nazis were the perpetrators and the war criminals. Any attempt to pervert this history is an attack on the memory of the hundreds of thousands of Jews from that region who were murdered including many of my own family, who were in Lithuania and Latvia."

Lord Janner is right. Just as the Islamists seek to devalue the holocaust as part of their ideological assault on the right of Israel to exist, so too elements of the ultra-nationalist and populist right in Baltic, Nordic and eastern European countries seek to devalue the holocaust as a unique event to justify their own anti-Jewish ideology of the past and, in some cases, of the present.

The British ambassador in Lithuania, along with other ambassadors, signed a letter to the Lithuanian Government protesting about the "double genocide" phenomenon. I asked the Foreign Office to publish that letter but to my surprise it has not, praying in aid pre-WikiLeaks rules about secrecy and confidentiality. I think that it would do the Foreign Office no harm at all and in fact every credit to publish that letter. I know Foreign Office officials and other Government officials, and they want to work hard to promote the matter as solidly as possible.

I will stop shortly to allow others to speak. Very briefly, however, I want to highlight some sentences from the European Union's formal definition of anti-Semitism. It is an important international document that tries to explain what anti-Semitism is and it was agreed after many debates and discussions a few years ago by all parts of the European Community. It says, among other things, that it is anti-Semitic to make

"mendacious, dehumanizing, demonizing, or stereotypical allegations about Jews as such or the power of Jews as collective—such as, especially but not exclusively, the myth about a world Jewish conspiracy or of Jews controlling the media, economy, government or other societal institutions."

We still hear that today.

The EU definition continues, saying that anti-Semitic activities include:

"Denying the fact, scope, mechanisms (e.g. gas chambers) or intentionality of the genocide of the Jewish people at the hands of National Socialist Germany and its supporters and accomplices during World War II (the Holocaust)…Accusing the Jews as a people, or Israel as a state, of inventing or exaggerating the Holocaust. Accusing Jewish citizens of being more loyal to Israel, or to the alleged priorities of Jews worldwide, than to the interests of their own nations…Denying the Jewish people their right to self-determination…by claiming that the existence of a State of Israel is a racist endeavour. Applying double standards by requiring of it a behaviour not expected or demanded of any other democratic nation…Drawing comparisons of contemporary Israeli policy to that of the Nazis."

I will sit down shortly, but I could bring to the House cartoons and articles in our main newspapers—our liberal newspapers, our left newspapers and our conservative newspapers—that draw precisely that moral equivalence between Israel and Nazism, which attempt to typecast all Jews as supporters of Israel and thus having a double loyalty.

The battle is intensifying; it is now about the demonisation and criminalisation of Israel. I salute my friend Ian McEwan for going to Israel to accept a literary prize. I want to see more academic, journalistic and political exchange with Israel, and indeed with its neighbouring states and the people of Palestine and their leaders. I had hoped that the marvellous work of the all-party group against anti-Semitism would somehow come to an end. Today I find that its work is more necessary than ever.

Katy Clark (in the Chair): I remind colleagues that a considerable number of Members have asked to speak. Unless contributions to the debate are significantly shorter, I will not be able to call quite a number of colleagues.

3.46 pm

Mr Lee Scott (Ilford North) (Con): Thank you, Ms Clark. I will try to be as brief as I possibly can.

I thank and pay tribute to the hon. Member for Bassetlaw (John Mann) and my hon. Friend the Member for Finchley and Golders Green (Mike Freer) for securing the debate. I particularly pay tribute to the hon. Member for Bassetlaw for everything that he does in his role as chairman of the all-party group against anti-Semitism.

A year ago in the corresponding debate to this one, I spoke about a recent visit that I had made thanks to that wonderful organisation, the Holocaust Educational Trust; I congratulate Karen Pollock of the trust on all the work that it does—long may it continue. I went with a group of students from my constituency to Auschwitz. Not long before that I had visited Theresienstadt, another of the concentration camps. When I was at Auschwitz, I shed tears at what I saw.

[Mr Lee Scott]

Little did I know then what I was in store for a few months later and today I will talk through what I personally experienced during the last general election. It was not something that I expected and I sincerely hope that the experience is not repeated for me, or any other candidate or Member of the House.

After a day of campaigning, I was walking back to my car when I was approached by two young gentlemen—I use the word "gentlemen" in its loosest sense—who said to me that I was a "Jewish pig" and "should die". I have always been someone who has tended to use humour whenever I am particularly upset, so I said to them, "I'll put you down as a possible. You haven't quite made your mind up about how you are voting". They were as shocked by that comment as I was to hear what was coming out of my mouth rather than running away and indeed they went. The significance of that incident was that they hated me because I was a Jew.

A fair number of my constituents—nearly a third—are Jewish. I also have Muslims, Christians and members of every other religion in my constituency and we live in harmony. It was not the first occasion that I have ever experienced anti-Semitism, but it was one of the first major occasions.

The anti-Semitism did not stop there; it got worse. A leaflet went out about me, saying that I was an enemy of Islam. I will briefly relay what else was said in that leaflet, which is on the internet if anyone wants to see it. People just need to google my name and the leaflet about me will come up. It said that I was an enemy of Islam because I had said in a speech—in fact, here in Westminster Hall—that President Ahmadinejad was a mad man. I stand by that comment. The leaflet said that I had said that no sane-minded person wanted war and that both Jew and Arab should live in peace but Israel had to be recognised as a country, with secure boundaries. Again, I stand by that comment. The leaflet said that I had said that Britain should buy weapons from Israel. I did not say that. Various other accusations were made in the leaflet, finishing with the claim that I was an enemy of Islam. Out of interest, the picture that was used on the leaflet seems to have me wearing a skull cap. Obviously, I wear a skull cap. I perhaps visit the synagogue a little more often than my hon. Friend the Member for Harlow (Robert Halfon), but not as often as one should. None the less, that was the picture used, obviously showing that I am Jewish.

Also, I was the recipient of an e-mail saying that I should be stoned to death. I said that I could possibly accept it if someone did not elect me because they did not like me, but stoning me to death was a little on the extreme side. However, I am not ashamed to tell hon. Members that one night at home I sat down and cried. I was really upset by everything that had happened during the election campaign, which was not right. It is legitimate for someone to want to criticise someone else's party or politics, but not their religion. I am proud to be a Member of Parliament, British and Jewish, and there is no conflict there whatsoever.

I want to give thanks to some people who supported me through that difficult period, in particular Peter Terry, the then Metropolitan police borough commander for my area, for the police protection that he provided. I had to have police officers with me at the hustings, and police patrols and a panic button at my house, which was not fair on my family, who did not stand for public office. I also want to thank the Community Security Trust, the Board of Deputies, Conservative Friends of Israel and, indeed, Labour Friends of Israel, for their phone calls and support when I was particularly down.

Do I know who was behind all this? I have some shrewd ideas, but I would never make accusations that I cannot prove. They, however, know full well who they are. In the name of politics, I can only say that this place and its politics, of whatever party, are, and deserve, better than that. I ask the Minister to take to the Government my view that we need to go a little further than the hon. Member for Bassetlaw has suggested. We need firm laws, covering every candidate in every seat, about what is acceptable and what is unacceptable behaviour towards others, whether they be Jews, Muslims or Christians.

I also want to thank the local synagogues, and the national Union of Jewish Students who, at a difficult time, gave me a great deal of support in words—I am not talking about anything to do with elections. I pay tribute to the British League of Muslims and the Hainault and Chigwell Muslims, who put up "Vote Lee Scott" banners and went out campaigning for me. As the right hon. Member for Rotherham (Mr MacShane) has rightly said, that has nothing to do with Islam, it is to do with far right-wing people of any religion trying to persecute others.

I return to the question of what we can do about this. One of the most important things that we can do is education. The work of the Holocaust Educational Trust is vital, but this goes beyond that, because there is the massive problem of what young people hear and see on the internet. Forgive me, Ms Clark, because I am going to break with parliamentary tradition and call someone from another party, "my hon. Friend". I have done this before and have got into trouble, as I will again. I am talking about the hon. Member for Liverpool, Riverside (Mrs Ellman), and her work. She is far braver than I in taking a stand, because a third of my constituents are Jewish. A website has gone up with pictures of the hon. Lady and, in fact, of virtually everyone in this room, and it says that we are stooges of Israel, and vile people who should be destroyed. It has gone even further and put up pictures of MPs who are no longer even alive.

Mr MacShane: Those people altered my Wikipedia entry to say that I was a secret Jew, which, as a Catholic, I can disprove. I was, however, enormously flattered and honoured.

Mr Scott: I am happy to welcome the right hon. Gentleman as an honorary Jew, but there is no need for him to prove to us today whether he is one. I am sure that that would be ruled out of order by Ms Clark.

I finish by saying that there is a lot to be done. We have again seen the rise of anti-Semitism, but the one thing that we must be solid about is that we must not be bowed or change what we stand for—our beliefs and values. I have no doubt that, by staying united, we will defeat this, as we have done in the past. I also wish to give my apologies, as I have to leave the debate before it finishes to return to my constituency.

3.54 pm

Mr Nigel Dodds (Belfast North) (DUP): It is a pleasure to follow the hon. Member for Ilford North (Mr Scott). I am sure that the sympathy of all Members across the House goes out to him for what he had to experience during the general election campaign. As someone who has represented an inner-city Belfast seat for many years, both at local level in the Northern Ireland Assembly and here at Westminster, I can empathise with the personal security issues he has experienced. The business of police protection is all too familiar to many of us from Northern Ireland who have been the subject of various direct attacks and threats. I therefore fully sympathise with the hon. Gentleman, and heartily endorse his call for a more explicit Government response on the election campaigns. I also endorse what the hon. Member for Bassetlaw (John Mann) said on that issue, and congratulate him and the other Members who secured this very important debate.

The hon. Member for Ilford North mentioned education, and I join those who have praised the work of the Holocaust Educational Trust, which is extremely important. This week, the opportunity has been afforded to Members in the House to sign the book of commitment, which honours those who perished during the holocaust and supports the sharing and safeguarding of untold stories so that we can learn from the experiences of survivors.

Like the hon. Member for Ilford North, I had the opportunity to visit Auschwitz-Birkenau recently, as part of a group from Northern Ireland involved in a project entitled "The thin end of the wedge", run by the charity Forward Learning. I was greatly moved as I stood there with people from communities in Northern Ireland that have been ravaged by sectarianism, violence, indifference and hatred over the years. The project is designed to encourage community activists to get involved in what is a unique learning experience, and to positively tackle sectarianism, racism and anti-Semitism in Northern Ireland by learning from the past, including from this most extreme example of hatred against another people—the holocaust—on the very site of the worst atrocity that humanity has ever inflicted on a people.

The project, run by the tireless director and great worker, Frank Higgins, and by Drew Haire, who works with the charity, has been supported by the EU, and has received money from other sources as well. It was very moving for me to stand there with those folk, and very graphically see at first hand what racism and anti-Semitism can, and did, lead to. Education in schools and universities, and beyond that in communities, as exemplified by that project in Northern Ireland, is extremely important, and I heartily endorse the work that "The thin end of the wedge" does in my constituency, and in my community.

Before I deal with some wider issues, I want to say that in the United Kingdom we have not had the extremes of anti-Semitism that other countries have had. Nevertheless, it is there, and Members have referred to the role that this country now sadly plays as a hotbed of Islamist extremism. It unfortunately seems to attract an awful lot of that, and to export hatred and violence to a greater extent than other countries. In Northern Ireland, however, we have the unique experience of our troubled past and perhaps we have something to contribute. Organisations such as the British National party, which is trying to organise and recruit in Belfast in particular, feed on the usual grievances and try to use them to engender support, and it has been excellent to see the reaction of communities in Belfast to those attempts. The BNP made a recent attempt outside one of our main football grounds to get support, organise people and get them to sign petitions, ostensibly about an issue with which most local people would agree. However, there was a strong reaction from the football supporters, the club, the local community and elected representatives across the board, and it was greatly appreciated by Jewish representatives and others in Belfast.

On the other hand, a number of organisations associated with the extreme left and Hamas have issued pro-Hamas propaganda. Again, people have pointed out, not least in the Northern Ireland Assembly, that the idea of twinning local schools through the Hamas Ministry of Education risks poisoning the minds of children in Northern Ireland. There is little chance that those children will learn any Jewish narratives or the truth about life under the Hamas regime for women, Christians, homosexuals and others.

I will be brief, as I know that others want to speak. On a more general application of the issues that we are discussing, as the hon. Member for Harlow (Robert Halfon) said, Islamist propaganda and activity are the greatest threat today in terms of anti-Semitism. We know all about the far right, but there is almost a consensus that the far right is beyond the pale. However, Islamist propaganda and activities seem to be tolerated. People are careful not to say "Jew" or "Jewish" explicitly; instead, anti-Zionist or anti-Israel language and activities are substituted for what is effectively anti-Semitism.

Robert Halfon: The right hon. Gentleman makes a powerful point in his speech. One thing that has always astounded me is that, at demonstrations about the conflict in the middle east, people walk around in T-shirts that say, "We are all Hezbollah now". It is, whatever one's views about the conflict, a symptom that they are willing to associate themselves with extremism and fundamentalism.

Mr Dodds: That is absolutely right. The fact of the matter is that Hezbollah and Hamas are not just anti-Israel but exist explicitly to wipe out Israel completely and, by extension, Jews. People who associate themselves with that are making it clear that they are part of anti-Semitism. That needs to be said and exposed, but it is not said as clearly as it should be. Debates such as this are useful in highlighting that.

I reinforce the point that criticism of Israel, as the right hon. Member for Rotherham (Mr MacShane) said, is absolutely legitimate and perfectly acceptable. There are people within Israel and the Knesset who criticise Israeli policy and foreign policy all the time. What verges on anti-Semitism, though, is the disproportionate singling out of Israel for the sort of criticism that it gets, with no or disproportionately little reference to the faults, difficulties and problems of the other side. We have seen some examples recently. Unfortunately, some trade unionists from Northern Ireland went to the middle east and were vociferous when they came back in their condemnation of Israel in the most extreme terms. There was not a single reference to what Hamas was up to or what it stood for. When that was pointed out, it was of course said, "Oh, you

[Mr Dodds]

can't say anything against Israel, or you're labelled an anti-Semite." That is the accusation used against people who stand up against anti-Semitism.

Conscious of the time, I will leave my remarks there. Again, this is a timely debate, and I thank those responsible for bringing it about.

4.4 pm

Sir Alan Beith (Berwick-upon-Tweed) (LD): I am glad to take part in this debate. I congratulate the hon. Member for Bassetlaw (John Mann) on introducing it and on all the work that he has done on the issue. He said that Parliament stands as one. This debate demonstrates, among other things, that we stand as one in our condemnation of anti-Semitism and our determination to root it out.

All forms of racial and religious prejudice and hatred are utterly deplorable. We see it in anti-Semitism and in the persecution of Christians in Pakistan, where a Minister was recently assassinated for daring to stand up for the rights of a Christian. We see it in anti-Islamic prejudice. But there is a clear line between anti-Semitism and anti-Muslim prejudices. They have a different character, for a reason that I will explain.

Of course, there is a perfectly genuine argument to be had about religious and political views that is entirely separate from prejudice and hatred. We should always be careful when trying to deal with prejudice and hatred that we do not undermine people's right to have genuine religious arguments about whether Islam or Christianity are sound religious beliefs, or political arguments about Israel. I speak as the chairman of Liberal Democrat Friends of Israel. There are clearly legitimate arguments to be had. If anyone is in any doubt about that, they should go to Israel and listen to the intensity of political debate in that vibrant democracy.

The problem that distinguishes anti-Semitism, although it might seem strange to say it, is that we as a nation and the western world rashly assumed for a while that we had dealt with it. We believed that we had slain the monster with the defeat of Nazism, and that we were dealing just with the dying kicks and last nervous reactions of a corpse That was wrong. We must understand that anti-Semitism is a living and vibrant evil force that we must deal with.

Those who were victims of anti-Semitism in Soviet Russia or the darker reaches of European society knew full well even in those years that we had not slain the monster. Indeed, in many quarters of British society, high and low, even in the years immediately after the war, anti-Semitism reared its head or bubbled along just below the surface. Now we are obliged to make a new generation aware of anti-Semitism's horrific potential as we saw it in 20th-century Europe. That, of course, is what the Holocaust Educational Trust does wonderfully. I imagine that most people here have taken part in its visits to Auschwitz-Birkenau and seen the impact on young people. When one is there, one wishes only that all young people could see it to understand what it all means.

It is worth thinking for a moment about young people's attitudes. When anti-Semitism or a failure to appreciate its dangers arises among young people, it is worrying. At its most basic, combating anti-Semitism is about respecting each other. It is interesting how young people's vocabulary has taken on the words "respect" and "disrespect" in ways that we in the older generation do not normally use them. But if those words are to be used, they must have meaning. A society in which mutual respect is a cherished value is a society with no room for anti-Semitism. Anti-Semitism is challenged when mutual respect exists. When someone sees people in their company of friends or peer group being treated with disrespect because of their racial background or religious beliefs, they will challenge it in a society where mutual respect is a primary value.

We must teach generation after generation the value and importance of mutual respect. That is a particular and difficult challenge for many Muslims and Muslim leaders, who already face a challenge in dealing with the possibility that extremists will be recruited from within their communities into terrorist acts. Much work is being done to deal with that, but the problem beyond it—given the urgency of preventing the recruitment of terrorists, it is understandable that this is not always comprehended—is that there are plenty of young people who are not recruited into terrorism and who have no time for the threat to society that terrorists pose with their bombing and slaughter, who still take on too easily the agenda propagated by extremists. Their methods may differ, but the extremist message can affect their attitude towards the Jewish community. The challenge, therefore, is bigger than that of stopping the recruitment of extremists from within the Muslim community, and it is an important task.

I referred earlier to the Holocaust Educational Trust, which is one of a number of bodies that I want to commend in the context of this debate. The trust's work is well known, but I think that people have become increasingly aware of the work of the Community Security Trust. It seems horrifying that that trust has had to become such an effective and valued organisation, simply protecting people in the Jewish community as they go about their daily lives—as they go to school, to the synagogue or to a Jewish community event. Many of us who attend events with the Jewish community have become familiar with the faces and the professions of those involved in the CST. They are a reassuring presence and are very necessary. I was struck by the earlier comments about how other communities are beginning to appreciate the value of CST's work and to learn things from it.

We should commend others and encourage them in their work as well, such as those who have fought for free speech in our universities, against those who seek, by ban or boycott, to deny a platform for speakers, usually on the grounds that they are associated in some way with Israel. It takes courage for a young student to make a stand and campaign against that on campus. We should commend and encourage those who have engaged in such campaigns.

One area upon which I am supremely unqualified to offer guidance is that of internet abuse and hate. I am unqualified because I make relatively little use of the various forms of social networking that are now available. My hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) was asked a question about the subject this morning. He defined himself as a dinosaur and offered to have a word with the questioner afterwards to discover what it was about. We know,

however, what the topic under discussion is about. We have created the most open forum of debate that the world has ever seen. It is an international forum with unbelievably easy access, but poison is being injected into it in the form of direct attacks on and the identifying of individuals, general statements of hatred, and utterly false statements that are used to encourage people to form anti-Semitic and other prejudiced views.

We have to deal with those problems. We have been dealing with them, to some extent, through prosecutions, and it is good that that has been achieved. However, internet service providers will have to do a lot more to prevent the internet and social networking tools, which are of such immense value to so many people in the world, from becoming a source of terrible evil and a means by which evil is spread. I do not think that anyone who has any power to act in that field should escape from an obligation to do something about it. It is an obligation even on those who, unlike me, engage regularly with social networking. Sometimes, as in ordinary debate in any other forum, one has to challenge. When someone slips in a demonstrably false and prejudiced statement, it should not go unchallenged. Therefore, I encourage those with the means, the skills and the aptitude to participate fully in such things to pose those challenges.

One could produce many anecdotes and stories. Others in this debate have produced personal experiences of how anti-Semitism can rear its head. I do not propose to do that, because others have already done it today. I simply want us to remind ourselves that there is a continuum, which is why I intervened on the hon. Member for Bassetlaw. He was absolutely right to say that it devalues the understanding of the holocaust in Germany and, indeed, in the countries to which it was taken, such as the Baltic states, to say that what happened in Soviet Russia was the same. They were different things and involved different levels of persecution. One was mass slaughter and the other was denying people basic civil rights. Other people were being slaughtered in Soviet Russia but, in many cases, on different and rather random, horrific grounds in large numbers. The two phenomena were different.

When society allows what I have referred to as disrespect, when it allows prejudice to feature as part of its media and when it allows people to be discriminated against because of their religious belief or racial background, that is a very dangerous road. Some of us present have a direct link, through our parents in particular, to an understanding of how dreadful things were, and that knowledge must be passed to generation after generation.

4.15 pm

Mr Tom Watson (West Bromwich East) (Lab): It is a pleasure to serve under you, Ms Clark, and I congratulate my hon. Friend the Member for Bassetlaw (John Mann)—a long-time friend—on securing the debate. Many positive and interesting contributions have been made this afternoon, many of which I could not possibly emulate. The depth of wisdom and experience in the Chamber is so great that I found myself wondering why I was here. Then, when we heard the speech of our colleague and friend, the hon. Member for Ilford North (Mr Scott), I realised why. He spoke very movingly and, to provide some solidarity, nobody should go through what he and his family went through during the general election.

I shall concentrate on the section on the media in the report produced a few years ago by the all-party parliamentary group against anti-Semitism, chaired by my hon. Friend the Member for Bassetlaw. The group's inquiry called on the media to have discussions on the impact of language and imagery in the current discourse on Judaism, anti-Zionism and Israel, and—while striking a balance on the independence of the media—to recognise that the way in which the news is reported has significant consequences on interaction between communities in Britain. Ministers in the previous Administration held a departmental conference on the issue. Many ideas were discussed, and the challenges and problems were recognised. I reiterate my hon. Friend's support for an early conference, and I know that the Minister will try to follow that up if possible.

I want to talk about specific examples of anti-Semitism in the media, particularly an ongoing problem with Fox News, which is also broadcast in the United Kingdom. I shall focus in particular on the show hosted by Glenn Beck, who has been broadcasting anti-Semitic messages for a number of months. Fox News is bound by all of Ofcom's broadcasting code, including the section entitled "Due Impartiality and Due Accuracy and Undue Prominence of Views and Opinions". It has to have an EU licence to broadcast in the UK, and therefore has to adhere to the broadcasting code. However, I believe that the kind of content that I shall highlight would certainly not fall within the code's remit.

I have been made aware of recent comments by Glenn Beck on his show that should be of great concern to all of us who want to stand shoulder to shoulder with colleagues such as the hon. Member for Ilford North. Although the comments were broadcast primarily in the US, it cannot and must not be forgotten that the show is also aired daily, live on Sky TV, in the UK. Glenn Beck singled out Simon Greer, the chief executive officer and president of an organisation in the US called Jewish Funds for Justice, who made comments about "advancing the common good". Glenn Beck responded by saying that such comments

"are what led to the death camps in Germany",

and that Simon Greer,

"as a Jew, should know better."

Fox executives, including Fox News president, Roger Ailes, and the producer of Glenn Beck's television show, Joel Cheatwood, assured Jewish Funds for Justice and other community representatives that they understood their concerns, that

"ultimate sensitivity must be exercised when referencing the Holocaust",

and that they would explain them to Beck. The organisation subsequently received a handwritten note from Beck to that effect.

After the note was sent, in November 2010, Glenn Beck broadcast a three-part programme on prominent Jewish philanthropist and holocaust survivor George Soros. The programme invoked disturbing language that bore a stark resemblance to the imagery and language used by extreme right-wing groups to demonise the Jewish community in the lead-up to world war two. Glenn Beck referred to George Soros as the "puppet master" and attacked him for having escaped the holocaust and for his pro-democracy work, which he compared to Nazism.

[Mr Tom Watson]

Beck has a highly polemical style that frequently employs rhetoric drawing on the holocaust. Most shockingly, he accused Soros of having been

"a Jewish boy helping send the Jews to the death camps."

That provoked enormous offence among the Jewish community in the United States. Thus far, Fox News has defended that Glenn Beck special. News Corporation has been silent on the matter. These are not isolated incidents

of intolerance from Beck. Indeed, in response to some of this stuff, Jewish Funds for Justice compiled the 10 most shocking statements made by Beck in his show during 2010. The organisation recently undertook an action at News Corp's offices and presented a petition signed by more than 10,000 people that called on Rupert Murdoch to remove Glenn Beck from the Fox News station because of his comments.

I shall quote from the top 10 comments, which are not all anti-Semitic; they also attack other groups and individuals. No. 1:

"God will wash this nation with blood if he has to."

No. 2: putting

"the common good first…leads to death camps."

"Women are psychos." That was No. 3. Beck's election coverage goal was to make George Soros cry, which Beck said was "hard to do," as Soros

"saw people into gas chambers."

That was no. 4.

No. 5: Uncle Sam is a "child molester" who is "raping our wallets" and "destroying our families." No. 6: Beck mocks President Obama's daughters for "their level of education." Beck said that

"we have been sold a lie"

that "the poor in America" are suffering. That was No. 7.

No. 8:

"Charles Darwin is the father of the holocaust."

No. 9: social justice is a

"perversion of the Gospel…not what Jesus was saying."

Beck likened himself to Israeli Nazi hunters, when he said:

"To the day I die, I am going to be a progressive hunter."

That was No. 10.

I think that most colleagues would agree that those comments are highly alarming and absolutely inappropriate for broadcast on any show, let alone one that positions itself as a news show. Such comments would not fall within the parameters of the section of the Ofcom code entitled "Due Impartiality and Due Accuracy and Undue Prominence of Views and Opinions".

In addition, the Dana Milbank column in *The Washington Post* reported in October 2010 that in Beck's

"first 18 months on Fox News, from early 2009 through the middle of this year,"—

that is last year—

"he and his guests invoked Hitler 147 times. Nazis, an additional 202 times. Fascism or fascists, 193 times. The Holocaust got 76 mentions, and Joseph Goebbels got 24."

I hope we all agree that that is a disturbing number of instances to raise those terms, in a way that is both irresponsible and does not provide any educational or beneficial basis for doing so; for instance, labelling President Obama a "Nazi." The Holocaust Educational Trust has said:

"One of the best ways to combat anti-semitism and prejudice of all kinds is to encourage tolerance and respect twinned with advocacy of engagement with civil society and the democratic process."

The Glenn Beck show in no way achieves those vitally important aims.

That type of journalism is dangerous and can have wide-ranging negative effects on society. The kind of material broadcast by Glenn Beck is not unique; a number of other "shock jocks" operate in the States. However, none has displayed intolerance on such a frequent and irresponsible scale as Glenn Beck. It is vital that that kind of "news" is not made or broadcast in the UK. However, the proposed acquisition of BSkyB by News Corp means that there is an increased threat of its becoming a reality.

Although the Ofcom code exists to prevent that kind of anti-Semitic language from being broadcast as news, there is still the danger of "foxification" in the UK. Professor Steven Barnett of the university of Westminster has recently argued that the laws that oversee broadcasting in the UK would prevent a re-creation of Fox News. However, it is possible that there could be a shift in the centre of gravity, and that the situation in the UK will change.

Robert Halfon: Although I have not seen the Glenn Beck show, I have seen other parts of Fox News, which tend to be much fairer on extreme Islamism and on Israel than other news outlets. Would the hon. Gentleman acknowledge that, whatever Glenn Beck may or may not do, Fox News—and, indeed, the Murdoch newspapers—has a good record on this?

Mr Watson: People tell me that Fox News is positive about Israel but negative about Jews. It is possible for Glenn Beck to represent that negative angle of Fox News. The reason why I am so concerned is that Rupert Murdoch has claimed that Sky News would be much more popular if it were more like Fox News. I do not want that to become a reality in the United Kingdom.

The issue has been picked up in the UK media recently. There have been articles on the subject by Deborah Lipstadt for *The Jewish Chronicle* and by Ian Burrell in *The Independent*. Lipstadt states:

"At the same time, Roger Ailes was interviewed by Tina Brown's Daily Beast about NPR's decision to fire one of its commentators, who also appears on Fox News. The commentator had said that, upon boarding a plane and seeing someone dressed in Muslim garb, he gets nervous. A silly comment but one that did not seem to warrant dismissal. Speaking of NPR officials, Ailes said: 'They are, of course, Nazis. They have a kind of Nazi attitude. They are the left wing of Nazism. These guys don't want any other point of view.'"

When a barrage of criticism rained down upon him, he apologised not to the people he called Nazis, but to Abe Foxman of the Anti-Defamation League.

The Independent article quoted Andrew Neil, who said:

"My own view is [Fox] is out of control".

Neil told Richard Bacon on BBC Radio 5 Live recently:

"I think Rupert Murdoch has lost control of it. I know from sources he's not happy with a lot that appears on it and I think he's lost over the Glenn Becks and the O'Reillys".

In October 2009, Waitrose became one of a number of UK firms to pull all advertising on Fox News in response to comments made about President Obama. It was reported just last week that the broadcast of Glenn Beck's show in the UK has run without any commercials for nearly 11 months in response to his incendiary comments. Such great concern has been caused by Beck that there is an ongoing campaign both in the UK and the US to stop Glenn Beck and deter companies from advertising during his show. I am pleased and extremely encouraged that companies in the UK feel strongly enough about the issue to withhold advertising. It demonstrates that the anti-Semitic and generally divisive, incendiary and prejudicial language that has been broadcast in the US will not be tolerated in this country. However, it is important that these issues continue to be raised and that TV executives are challenged on such matters.

If Glenn Beck were here today I would say to him: "Glenn Beck, you are a bigot. You bring shame to your country, not because you lack balance, but because you are an unthinking buffoon. Rupert Murdoch tolerates you because you are his useful idiot. He uses you to get a foothold in the doors of the powerful. Like his phone-hacking journalists and his pugnacious leader-writers in Australia, you are expendable. Let us hope he disposes of your nasty brand of intolerance sooner rather than later."

It is Rupert and James Murdoch who should answer for bigots such as Glenn Beck and phone hackers such as Clive Goodman and Glen Mulcaire. They employ them. They promote them. They are responsible for them. It is time for thinking citizens in the United Kingdom, the United States and Australia to unite against the Murdochs' vicious brand of politics that masquerades as publishing.

Several hon. Members *rose—*

Katy Clark (in the Chair): Order. I intend to start the wind-ups at 5 minutes to 5.

4.30 pm

Bob Blackman (Harrow East) (Con): Thank you for allowing me to speak in this important debate on anti-Semitism, Ms Clark. I congratulate the hon. Member for Bassetlaw (John Mann) not only on initiating the debate, but on giving such a fine and thoughtful speech on the whole subject. I also congratulate my hon. Friend the Member for Finchley and Golders Green (Mike Freer) on all his work, not only now but in the past and in the future, on this important subject.

I should start by mentioning the fact, also noted by the right hon. Member for Rotherham (Mr MacShane), that my party chairman is today making a major speech—she may already have made it—on Islamophobia. We should not try to divorce this hatred of different people because of their different religions. One of the problems is that in this Chamber we are, largely, talking to ourselves. We are all committed to combating anti-Semitism, so we have to reach people who are anti-Semitic and who promote those views. We have to re-educate them and bring them back to the real world so that we can participate in a proper democracy, and so that people can celebrate their religion and background without fear.

Anti-Semitism is not new; it has been around for more than 2,000 years. It is grounded in ignorance and the fact that people look different, and they celebrate a religion that is different from other people's. Anti-Semitism is, therefore, bounded by ignorance and prejudice. We have difficulty in combating prejudice. Most people, I am afraid, are prejudiced in some shape or form, but we can make sure that we address that prejudice by ensuring that discrimination does not take place and by educating people to combat some of those natural prejudices.

I live next door to a synagogue. There is another synagogue some 200 yards up the road. My next-door neighbours on the other side are Muslims. Beyond them are Hindus, and across the road there are Catholics and people from other Christian religions in the space of a few hundred yards. We live in peace and harmony. We know that everyone should be allowed to celebrate their religion properly. I represent a constituency that has two major synagogues, and shares another on the border of the constituency of my hon. Friend the Member for Hendon (Mr Offord). I salute the work that all of them do.

I grew up in north-west London with many members of the Jewish faith and, although I am not Jewish, I regard myself as an honorary Jew, with many Jewish friends—people I have grown up with. I trust that we will always live in peace and harmony.

We live, however, in a time when anti-Semitism and anti-Semitic attacks are on the increase. We have to combat that in all its shapes and forms. I salute the work the Community Security Trust does to make sure that people who go to a synagogue or a Jewish school can do so safely. I commend its work in gathering information on anti-Semitism and the attacks on the Jewish community, but is it not a sad indictment in this day and age, that in this country, which regards itself as free and fair, people have to have security at their places of religion or education? I congratulate the Government on providing the funding and on supporting the necessary security, but I condemn the fact that it is necessary. Anti-Semitism is one thing that we have to constantly guard against.

Before coming to this House, I was a councillor in the London borough of Brent. Two years ago, there was an attempted firebombing in a synagogue in Brondesbury. It led to a dramatic increase in tension among all communities. That is the sort of thing that emanates as soon as we allow anti-Semitic remarks and anti-Semitism to arise. People start to attack places of worship or educational facilities, and we must not allow it to go on. I commend the London declaration and the recent Ottawa protocol, because they set out the stall by which we can help to educate people to prevent anti-Semitism from gaining further root.

We must always remember the international dimension. Hon. Members have referred to the situation with the President of Iran and in other countries, and to people who seek to deny the holocaust, who seek to deny that anti-Semitism exists, and who promote the view that Israel and people of the Jewish faith should be eliminated from the face of the earth. We have to be constantly on our guard to prevent those people from gaining any semblance of ground.

There is nothing new in this. When I was at university we had what was probably the biggest meeting at Liverpool university for many years. There was an attempt by

[Bob Blackman]

some sections of the university to seek a ban on the then Israeli Prime Minister visiting this country. I am delighted to say that the attempts to put that proposal were roundly defeated by the broad mass of students. I commend the work done by the Union of Jewish Students across the country to ensure that there is free and fair debate in universities, but we constantly have to be on our guard. Parliamentarians and people from outside know that there are frequent attempts to boycott Israel and to boycott Israeli academics. Those attempts give rise to the facets of anti-Semitism that we seek to combat.

As is probably well known by most of my hon. Friends, I am a Tottenham Hotspur fanatic. I have a season ticket home and away. I did not realise why Tottenham Hotspur had so many attacks from fellow fans until I got my season ticket in the west stand at White Hart lane; the first time I went there was like going to shul on Sabbath. I have been to football grounds all over the country and combated attacks by opposition fans who routinely say, "Gas the Jews. Kill all the Jews. Hitler was right." To witness that at first hand is to realise why we must always be eternally vigilant against anti-Semitism. Next week, when we honour and commemorate the 6 million Jews who were killed by the Nazis, we must always remember that those racist, anti-Semitic remarks are the tip of the iceberg. We have to combat them wherever and whenever they are made.

Mr Dodds: The hon. Gentleman mentions the thin end of the wedge, referring, as it were, to the project in my constituency. On football, he mentioned Spurs in particular. I was struck the other day, on going to a premier league match here in London, by the fact that people supporting a rival club—although not in the club itself—were selling openly anti-Semitic and racist paraphernalia. It seems that such paraphernalia is on open sale and nothing is done about it. That is not an infrequent observation. I wonder why the authorities do not stamp down on that kind of thing, because, as the hon. Gentleman said, those small things add up—they matter.

Bob Blackman: I thank the right hon. Gentleman for his intervention. There has to be more foresight in the clubs and the authorities that allow that type of memorabilia to be promulgated and, therefore, accepted in broader society. One problem is that many young people go to football matches, and their views and attitudes are formed by the people they mix with and what they hear and see. We must prevent them from having the view that that sort of attitude and behaviour is acceptable.

Growing prejudice is a problem we face in society. However, when there was an attack by the English Defence League on the central mosque in Harrow, it was important that the whole community came together. Not just Muslims, not just Christians but Jews, Hindus and everyone came together to say, "The English Defence League can pack up their banners and go home. The mixed and vibrant community does not want you. We will not tolerate you. We will not tolerate intolerance." The great thing about the society that I want to promote and see, is that when any part of the community is attacked, the whole community comes together to defend itself and does not allow intolerance to grow.

I end by borrowing a quote that sums up the debate so far: "The price of freedom is eternal vigilance." We can no longer turn a blind eye; we must always be intolerant of intolerance. We must always combat the snide anti-Semitic remarks. I am well aware of what my hon. Friend the Member for Ilford North (Mr Scott) went through during the general election. In many ways, I was subjected to it as well, although I did not feel it personally in the way that he did. No one should have to go through that, whether they are an MP, a representative in public life, or just going about their law-abiding business. We have to send a strong message from this place that we will not allow it to continue; we will not allow these attacks to proliferate, and we will always defend people of all walks of life and all religions.

Katy Clark (in the Chair): As I said, I will start the wind-ups no later than 4.55 pm.

4.42 pm

Mr Matthew Offord (Hendon) (Con): I am pleased to join colleagues in contributing to this debate, though I feel sad that we need to. People who have not come to the debate obviously do not have Jewish constituents, or are not aware of the problems that some of our Jewish constituents face.

I was shocked during the general election to hear reports from some of the people who worked with me. The Labour party candidate had the same experience. One of my supporters went to a housing estate and someone shouted at him through a window, "Get back to the ghetto." That was presumably because he was wearing a yarmulke. I was shocked that some in my community could attack Jewish people in that way.

I was grateful to one of my constituents who gave me a yarmulke with my name in Hebrew and English on the top. I thought that was great; it was a very nice blue colour and I was happy to wear it, until someone said to me, "Wear it on the tube and go into central London." Once again, that shocked me because it brought home that my perception and experience of anti-Semitism are nothing compared to that of the Jewish people in my community.

I am pleased with the report from the Government on the progress made following the all-party inquiry into anti-Semitism. I am particularly pleased with some of the work around our schools, in my constituency and others, such as Finchley and Golders Green and, no doubt, in Harrow East, where schools have now been given money to provide security. My first question in Parliament was to the Secretary of State for Education about schools. He confirmed his view that no parent should feel unsafe about their child simply going to school each day. That is also my view.

The report talks about how anti-Semitism is different from other forms of racism. Modern anti-Semitism has, out of necessity, become more nuanced and subtle. Anti-Jewish prejudice is often focused on Israel. Jewish people are seen as natural supporters of Israel and, as such, Jewish people throughout the world are seen by some as legitimate targets. That is a concern.

We heard today from my hon. Friend the Member for Ilford North (Mr Scott). However, it is not just Jewish people who are subject to anti-Semitism. My hon. Friend the Member for Harrow East (Bob Blackman) said he

has also been subjected to it. A useful illustration comes today from my local paper, the *Hendon Times*, where I have been attacked by someone who helped us in the general election campaign. I was always rather concerned about some of the views of this individual, but we are a broad church in the Conservative party. However, this individual started making anti-Semitic comments. Once I was elected, I would have no truck with any such individuals. I hear today through the local press that he has decided to join UKIP. UKIP is welcome to someone who makes anti-Semitic remarks, because he is certainly not welcome in the Conservative party.

I also want to talk about my community in Hendon. I have a large Jewish community that is subject to anti-Semitic comments. Of the 924 anti-Semitic incidents across the country, 164 were in Hendon, which is in the Barnet local authority area. Therefore, we do not suffer disproportionately more than other Jewish communities. However, we suffer 90% of the slurs, allegations and comments. The CST referred to that as "mission indirect". That also includes hate mail, anti-Semitic e-mails and abusive or threatening phone calls that my constituents still receive. That is in contrast to places such as Manchester, where anti-Semitic attacks consist of violence and vandalism. In some ways, that reassures me, but not entirely, while people continue to see problems in their daily lives.

I want to mention a couple of organisations. I am grateful to the Holocaust Educational Trust for the work it does. I too have visited Auschwitz and found it a very moving experience. I am also grateful to Danny Stone for the work he does for the all-party group. In my constituency there is an organisation called the Community Security Trust, which has already been mentioned. I pay particular tribute to Richard Benson and Carol Laser for their work, of which many people here are aware. I believe that they are part of the big society, showing how local people can help each other. They provide protection not only for synagogues but for schools. They work with young people to help them protect themselves in our local community. Their collaboration with the Department for Education has been great with regard to providing school security.

That brings me back to the necessity of today's debate. I find it sad in this day and age that we have to have such a debate. However, I am glad about what has come out of the report: the Jewish community is not left alone to fight anti-Semitism. Many of us here today are ready to stand with it.

4.48 pm

Alison Seabeck (Plymouth, Moor View) (Lab): This has been an extremely thought-provoking and, at times, emotional and hard-hitting debate. As Members have highlighted, it is also timely, as it links to Holocaust memorial week. I would like to reinforce the comments of the right hon. Member for Belfast North (Mr Dodds), reminding colleagues that it is still possible to sign the book of commitment, which has been placed in the House. I would also like to support the comments of the hon. Member for Ilford North (Mr Scott) about the work of the Holocaust Educational Trust.

I congratulate the all-party group against anti-Semitism on securing the debate, under the guidance of my hon. Friend the Member for Bassetlaw (John Mann), and on the work that they do in ensuring that I and other parliamentary colleagues can engage with the issue on a cross-party basis and draw down information from the reports produced.

Members have spoken on a diverse range of topics under the broad title of the debate. I will endeavour to relate my comments to the issues raised.

We heard from my hon. Friend the Member for Bassetlaw about the pending review to tackle hate crime on the internet and in the media. We also heard some strong comments from my hon. Friend the Member for West Bromwich East (Mr Watson). I hope that the Minister has taken note of the comments of my hon. Friend the Member for Bassetlaw on the role of the EU and EU directives. I am also interested to hear the Minister's thoughts on what he expects the forthcoming seminar to address and how he feels that it might be able to make progress building on the work started under the former Labour Government.

My hon. Friend the Member for Bassetlaw stressed just how powerful cross-party consensus can be. We have been made aware of that in this Chamber, with hon. Members in every part calling each other hon. Friends. That is genuinely to be welcomed.

My hon. Friend the Member for Bassetlaw also drew attention to the importance of the need for better reporting of hate crime, specifically anti-Semitic crime, and to the progress being made in that respect, with the report from the Association of Chief Police Officers.

Hon. Members expressed concerns about the radicalisation of young people, which cuts across all faiths and political views. In 2009 I was a member of the Select Committee on Communities and Local Government, which looked into some of those issues as part of its inquiry into preventing extremism. Our findings made it clear that defining a single pathway to radicalisation is impossible, as is predicting which specific individuals will progress to overt extreme practices, including anti-Semitic behaviour.

The Select Committee was also critical of how the then Government generally kept referring back to the usual suspects, some of whom—outside their relations with Government—were putting out materials that should not have been tolerated. However, that is now a side point.

The Select Committee said that there was an urgent need to consider factors such as the access to hate communications via the internet. That point has been made repeatedly today.

In the current economic climate of cuts, concern should be expressed about adequate funding and support for a range of groups in the localities, to ensure that advice is available to help to prevent alienation and to support community cohesion. We have heard that education is important, but some local authorities are struggling to continue to meet their commitments in that respect and are cutting their community cohesion budgets.

I would welcome the Minister's comments on how work previously carried out under the preventing violent extremism programme will be taken forward or amended by the new Government. Clearly, there is a direct relationship in that programme with anti-Semitic behaviour.

The Select Committee was clear that it was important for faith groups and their leaders to take the initiative and, where possible, to work in cross-faith groups to

[Alison Seabeck]

encourage tolerance and acceptance and that there are strengths in diversity. Hon. Members highlighted some excellent work in the area, such as the strong example of the hon. Member for Harrow East (Bob Blackman), on the back of a serious incident.

Work needs to be done with young people in their communities. That is essential, because the alienation of young people from their parents and elders also causes radicalisation, providing evidence of some anti-Semitic behaviour and of a lot of the mindless behaviour described by the hon. Member for Harlow (Robert Halfon).

Members throughout the Chamber have referred to the role of universities, many of which have responded, to ensure that precautions such as speaker request forms or signed behaviour agreements are in place. However, as Members pointed out, a great lack of knowledge and, at times, of expertise and commitment remains in some areas, among some universities—student union and staff-side—in dealing with potential incidents, as well as in avoiding opportunities for unacceptable behaviour and radicalisation. However, I trust that vice-chancellors reading the text of the debate in *Hansard* will take note of the concerns expressed, in particular by my right hon. Friend the Member for Rotherham (Mr MacShane), who is no longer in his place.

The Government, like the previous one, will want to continue a dialogue with the further and higher education sectors, to ensure that every care is taken to avoid the worst practices and experiences, some of which we have heard described today. We all look forward to the Minister's comments.

My hon. Friend the Member for Bassetlaw also touched on Parliament leading by example and talked about the targeting of Jewish and pro-Zionist candidates in elections. Election material that is intimidatory, with inappropriate use of language, such as was evident in Bethnal Green and Bow in 2005 and in the dreadful examples given in today's debate, must be stopped and challenged. That point was made by the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith). We should never stand back, but always challenge. No candidate should have to face what the hon. Member for Ilford North faced.

The material and quotes described in the document on anti-Semitic and violent rhetoric by UK extremist groups are intolerable and should always be challenged. I hope that anti-Islamic material would also be subject to the same full force of the law. Other faiths, too, face unacceptable hate crimes, as we heard from the right hon. Member for Belfast North, who highlighted some excellent educational work in Northern Ireland.

We have had a full and rounded debate. Along with other colleagues, I welcome what the Home Secretary is doing this evening in further enhancing discussion around Islamophobia, because there are links. However, anti-Semitism has the unfortunate distinction of being one of the oldest prejudices—for want of a stronger word—in the western world. Although, generally, it has been driven out of mainstream cultural and political discourse, it remains and it is, sadly, accompanied by a host of other prejudices against a range of different groups, whether defined by religion, gender, race or sexuality. We have to work throughout communities and age groups to drive out anti-Semitism and to encourage cohesion. It is not, therefore, simply an outcome of the Iraq war or recent history.

Remembering the unique, tragic and appalling history of anti-Semitism, in particular in the 20th century, is important, and it should serve as a lesson to us all—one we must certainly never forget. I hope that, in some small way, today's debate has contributed.

Katy Clark (in the Chair): Order. As this is a Back-Bench debate, I intend to call the hon. Member for Finchley and Golders Green (Mike Freer), who was one of its instigators, no later than 5.20 pm.

4.57 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): I shall certainly leave plenty of time for Back-Bench speakers. Indeed, I appreciate the opportunity, as a Front Bencher, to sneak in and contribute to the debate.

The debate is very timely, as a number of speakers have pointed out, and that is a tribute to the Backbench Business Committee process which I hope is fed back to the appropriate quarters.

It would not be right to go any further without giving praise and thanks to the all-party parliamentary group against anti-Semitism, in particular the hon. Member for Bassetlaw (John Mann). I welcomed the tone that he set for the debate, making it clear that anti-Semitism is a cause of deep concern, crossing party boundaries, and has prompted what I hope is the clear intention of the new Government to continue building on the foundations laid under the previous Administration and to carry forward the work commissioned by his all-party parliamentary group. I thank him for his support for my stewardship, which I fully understand is conditional upon future progress if, none the less, welcome for all that. The debate is an opportunity to demonstrate our strong and enduring commitment to tackling anti-Semitism, as a House and not just as a Government or as a set of political parties.

I will start by responding to some of the specific points raised by the hon. Member for Bassetlaw, and to one or two other points. I will then set out what the Government propose to do, and provide feedback on the Government response to the report by the all-party group, which we published before Christmas.

The hon. Gentleman raised the issue of internet hate and, perhaps more generally, the consequences of the electronic world as it affects the print media. The Government response published in November drew attention to our work with newspaper editors and the Press Complaints Commission, which, it is fair to say, was not really conclusive. Nevertheless, a working group on online matters is run by the Press Complaints Commission. I assure hon. Members that I shall keep track of that and, where appropriate, provide a bit of impetus. It is appropriate for me to pass on the remarks made in this debate to my ministerial colleagues in the Department for Culture, Media and Sport, to ensure that the points raised are not lost to them.

The hon. Gentleman, and others, spoke about the problems in higher education. That point was reinforced for me when I heard a speech by the Chief Rabbi who visited the Department for Communities and Local Government and spoke powerfully about the need to

tackle that issue. I share the hon. Gentleman's commendation of the Manchester university protocols—like him, I declare an ancient interest in that university. Work needs to be done, and I will say more about that in a few minutes.

There have been three powerful pleas to deal with election campaigning, and of course, all mainstream parties signed up to rules, guidelines, advice and codes before the last election. I think that reconsideration of recent events is appropriate. I do not want to introduce an element of controversy, but perhaps a recent court case has a bearing on the issue. I want to talk to the Electoral Commission about whether progress can be made, and draw on incidents that have been raised in this debate. If hon. Members have more relevant evidence that they feel should be considered, I invite them to make it available to the Electoral Commission.

The hon. Member for Bassetlaw referred to football, and the hon. Member for Harrow East (Bob Blackman) declared his undying love for Tottenham Hotspur—we all have our weaknesses, so I understand that. However, there is clearly something to be done in that area, and I was interested to hear the concern of the hon. Member for Bassetlaw, who said that he had not received an appropriate and timely response about his work from the Football Association. I will draw his remarks to the attention of my colleagues in DCMS and perhaps there will be some air time for that. We talk about the nudge theory these days—perhaps the matter just needs a bit of a nudge. A problem exists in relation to specific incidents, events and clubs, and it should be paid proper attention.

The final point made by the hon. Gentleman that I will mention relates to the Auschwitz-Birkenau Foundation. Subsequent to the election, the Prime Minister put on record the Government's intention to make a donation to that foundation. No announcement has been made about the timing or the size of the donation, but the words used by the Prime Minister were "a substantial contribution". I cannot take the matter further at the moment, but I assure the hon. Gentleman that the issue is on the agenda.

It may be possible to respond to all the points raised, but this is a Back-Bench debate, so some matters are probably best left on the record. The hon. Member for Hendon (Mr Offord) reported that the Community Security Trust headquarters is in his constituency. As he will know—I wrote to him to tell him—I visited the trust in the autumn and was extremely impressed by its work. I support the hon. Gentleman's view that the trust makes an important contribution to tackling community tension and plays a part in developing the big society.

The hon. Member for Plymouth, Moor View (Alison Seabeck) asked about the future of the Prevent Violent Extremism programme. She will know that Lord Carlile is carrying out a review on behalf of the Home Office, and that reports and policies are being developed. Announcements will be made in the near future, and I assure the hon. Lady that this Government are as concerned as any other Government have been to take whatever appropriate steps are needed to guarantee the security of all citizens in the country.

Sir Alan Beith: I want to reinforce a point that I made earlier about the importance of actions taken to prevent terrorism and the finding of new recruits in the Muslim community. That issue should not blind us to the equal importance—at least in the long term—of ensuring that young people who have no interest in getting involved in terrorism do not absorb a too hostile and prejudiced agenda from some radical preachers, even though they may resist the urge to get involved in terrorism.

Andrew Stunell: My right hon. Friend asks me to draw a fine line between having unpopular opinions and committing violent, unpopular and illegal acts. I do not want to get drawn too far into that debate, but the Government and the DCLG are developing their thinking on how to promote integration in our society and tackle the alienation of all groups, even those not necessarily connected to a religion or ethnic background. Unfortunately, there are plenty of alienated young people who do not fit either of those two stereotypical models. Ensuring that we promote the integration of all into society is an important Government objective.

Reference has been made to the cross-Government working group that was set up to tackle anti-Semitism, and I will report briefly on what the group has been doing and what it proposes to do. The group meets quarterly to monitor further progress on the commitments made by Departments to tackle anti-Semitism. That work can be seen in the Government's response document from last November, and the group ensures that those commitments are followed through. In the first instance, the working group focuses specifically on issues that are still cause for common concern. Anti-Semitism on the internet is top of that list, and we have undertaken to give regular progress reports to Parliament on that subject.

I had a meeting yesterday with the Under-Secretary of State for the Home Department, the hon. Member for Old Bexley and Sidcup (James Brokenshire), who is the Minister with responsibility for crime prevention. We looked at how to ensure that issues of concern to the DCLG and the Home Office can be jointly taken forward, and we will do what we believe to be necessary in order to stimulate action.

Later this year there will be a second ministerial seminar to find ways of improving action and impact. It will involve colleagues from a number of Departments including the Home Office, the Ministry of Justice and the Crown Prosecution Service. There will be representatives from the Association of Chief Police Officers and the DCLG, as well as MPs, lawyers and departmental officials. The seminar will be led by the Under-Secretary of State for Culture, Olympics, Media and Sport, my hon. Friend the Member for Wantage (Mr Vaizey), who is the Minister with responsibility for communications. We are pushing forward on this. We are clear that we must find ways of tackling at both national and international level anti-Semitism on the internet.

I want to pick up the point about anti-Semitism on university campuses. First, although I am sure that it was implied in many of the remarks that were made, no one actually mentioned further education, and further education colleges and campuses—

Alison Seabeck: I think that I did.

Andrew Stunell: I apologise if I overlooked that reference. The point that the hon. Lady and I—I am sure—agree on is that, of course, what has been said about university campuses is important, but so too is what may be going on in other educational establishments.

[Andrew Stunell]

The problem was first highlighted by the all-party group's inquiry in 2005, but progress has been harder to make on it than on some of the other issues that were raised. There are some examples of good practice, including the Manchester university code, but it is clear that that is not enough. There is a strong feeling that many individual universities and student unions have not taken these issues as seriously as they should have done; or perhaps it is not so much that they have failed to take them seriously, but that the high passions that are aroused, often by international events, have been allowed to spill over into completely unacceptable behaviour, which has not been challenged robustly and effectively. We believe that that must change.

Robert Halfon: I thank my hon. Friend for his thoughtful response, but does he not agree that the university problem is ever increasing? Will he consider taking up my suggestion that where there is extremism on campus and it is not dealt with properly by the university authorities, they should be penalised in some way, possibly financially?

Andrew Stunell: I do not think I want to get there yet. I was about to say that Universities UK has established an academic freedom working group. The aim of that group is to consider how universities can best protect academic freedom, freedom of speech, freedom on campus and freedom to study under the contemporary conditions of geo-political conflict, racial and religious tension and violent extremism. The Universities UK working group will include representatives from the FE sector, so it will be very wide ranging. When the report is published, my right hon. Friend the Minister for Universities and Science will respond with a ministerial statement, so we are setting store by that report and will certainly respond strongly to it. I can announce today that I am asking the cross-Government working party, which I referred to initially, to take up this issue alongside its work on anti-Semitism on the internet. Those will be the two focal points of that work.

The debate is particularly timely, with Holocaust memorial week being next week. As I have said, the Government have now published our response to the report of the all-party inquiry into anti-Semitism. We have backed that response up with facts and figures in a number of cases. As has been reported in the debate, £2 million has been allocated to pay for the security of Jewish schools in the state sector. On Monday, I shall visit North Cheshire Jewish primary school, which is in the constituency adjacent to mine. I know from my previous visits to the area that the security required there is a shock to all non-Jewish visitors, who expect a primary school to be a primary school, perhaps not with open access, but certainly with friendly, welcoming access rather than high fences and armed guards. There, in a quiet suburban neighbourhood, far away from any threat of upset or trouble, one would have thought, it has proved necessary to have such high levels of security. I think that the whole House acknowledges that it is right that Jewish faith schools should have assistance with the extra protection that they need.[1]

Bob Blackman: I thank my hon. Friend the Minister for his remarks about the security of schools and, indeed, synagogues, but will he comment on the other issue that children face when they are going to school? Often, children attending Jewish schools are targeted on public transport and in going to those schools. We must take action to stop that happening, as well as making children safe when they get to school.

Andrew Stunell: The announcement about security at schools is the acute side of the treatment. We also need to deal with the chronic issues, which have rightly been drawn to the attention of the House during the debate. Part of that involves understanding and assessing the problems. We reported at the end of last year that agreement had been reached for all police forces to record anti-Semitic hate crimes, and the first official anti-Semitic hate crime statistics were published on 30 November last year.

As I have said, the Government are committed to hosting a seminar later this year to ensure continued progress on tackling anti-Semitism and all other forms of hate on the internet. We certainly understand the importance of tackling anti-Semitic discourse and we supported the publication of the report entitled "Playing the Nazi Card". We have also appointed Sir Andrew Burns as the UK envoy for post-holocaust issues. He has started work on looking at holocaust-era assets and developing an international tracing service.

We have made a public commitment to fund the Lessons from Auschwitz project for the coming financial year. We are committed to remembering the holocaust and have committed £750,000 in the form of a grant to the Holocaust Memorial Day Trust for the 2011 commemorations and related educational activities. We have committed £2 million to Faith in Action, a small grants programme to support local inter-faith activity. A large number of those projects have directly involved Jewish communities across the country. More broadly, we supported inter-faith week to the tune of £200,000 in 2010.

The Government take this issue seriously; the Department takes it seriously; and I personally, as the Minister, take it seriously. I look forward to working with other engaged hon. Members on both sides of the House in the coming year to make a reality of all our wishes on this very important topic.

5.18 pm

Mike Freer (Finchley and Golders Green) (Con): I thank my hon. Friends and Opposition Members for attending the debate—the first Back-Bench debate on anti-Semitism. I may be new to Parliament, but I am not new to the issue, so I have followed the debate closely and have been impressed by many of the contributions by hon. Members.

The debate is particularly important, not just because the Government recently published a response to the all-party inquiry, the "Three Years on Progress Report", but because we are approaching Holocaust memorial week. Like many other hon. Members, I pay tribute to the Holocaust Educational Trust for the work that it does with pupils, parliamentarians and, indeed, aspiring parliamentarians. I first went on the trip as a parliamentary candidate.

I also pay tribute to the fact that the debate, quite rightly, has been consensual. I am grateful to hon. Members for their contributions, which have shown a

1. *[Official Report, 27 January 2011, Vol. 522, c. 4MC.]*

depth of knowledge, a passion and a deep interest in the subject. I pay tribute to the hon. Member for Bassetlaw (John Mann) for his chairmanship of the all-party group against anti-Semitism. In particular—I pull out some of the points made during the debate—the hon. Gentleman drew attention to the international recognition of the work that the UK has done on this area and to the fact that we remain the leader in combating anti-Semitism. He also drew attention to the growing threat of internet hate. I have some personal experience of that, although not to the same degree as others. After my question to the Prime Minister about funding the restoration project at Auschwitz-Birkenau, I was denounced on an Aryan blog as a Jewish stooge, or a stooge of the Jewish community. I took it as something of a compliment that it had got under some people's skin. The big problem, of course, is that much internet hate is anonymous, which makes it particularly difficult to control and to combat. The hon. Gentleman also reiterated many of the ground-breaking initiatives that arose from his report.

My hon. Friend the Member for Harlow (Robert Halfon) eloquently told us about the three levels of anti-Semitism, from dinner party anti-Semitism to the more aggressive desecration of graves and other physical attacks—what he called skinhead anti-Semitism. He also gave a passionate exposition of the threat of extreme Islamism, saying that it is not the same as Islam.

The right hon. Member for Rotherham (Mr MacShane), who is not in his place, made a good and telling point about the inaction of university vice-chancellors, who seem willing to tackle the BNP but are not equally vigorous in attacking anti-Semitism.

The right hon. Member for Belfast North (Mr Dodds) gave a good description of the work of Thin End of the Wedge, an organisation in his constituency. He also made some good points about the educational deficit on other religions, particularly Judaism, in areas controlled by Hamas and Hezbollah.

My hon. Friend the Member for Harrow East (Bob Blackman) has a weakness for Tottenham Hotspur, but it is not the only football club with a Jewish following. In my constituency, the Finchley and Wingate football club began as a Jewish football club, and, of course, it plays on Sundays. My hon. Friend made the good point that tolerance for anti-Semitic remarks encourages and fuels extremist behaviour. We have to tackle both, rather than just tackling the more extreme end.

My hon. Friend the Member for Hendon (Mr Offord) made a good point, saying that anti-Semitism is rarely far from the surface. We know that anti-Semitism takes place in London, but we tend to live in a rather tolerant bubble. One has to travel only slightly further out from London to see anti-Semitism rather more in the raw. My hon. Friend rightly pointed out that anti-Semitic slurs are as likely to create a hostile environment as physical attacks.

The right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) made the strong point that Parliament stands as one on the subject. It is important that we parliamentarians do so not only at this time of year but throughout the year in everything that we do.

My colleague and friend, my hon. Friend the Member for Ilford North (Mr Scott), who is not in his place, made one of the strongest contributions this afternoon. He has personal experience of being hated, not because of who he is, not because of what he does and not because of what he believes, but solely because of his religion. He spoke passionately. Those of us who are not Jewish simply cannot understand the feelings generated by such attacks. My hon. Friend bravely explained the impact on him when he went home. I pay tribute to the work that he does for all the communities in his constituency, and it is telling that the mosque stood alongside him after that physical and verbal attack.

I thank the Minister for the commitments that he made today. Those who serve on the all-party group will have noted them and will keep a watching brief. In particular, he assured us that he will be nudging the PPC about the internet working group, and that the cross-departmental working group has the internet and universities at the top of its agenda. He will also be considering the rules of electoral behaviour, and he will take steps to ensure that the Football Association responds to the hon. Member for Bassetlaw.

I am pleased to note that the Minister has confirmed that the Government's contribution to the Auschwitz-Birkenau restoration project will be "substantial". That word will be carefully noted and underlined. *[Interruption.]* I am sure that the Treasury will see these comments, but it will not damage the Minister's promotion prospects.

Lastly, I give credit to the hon. Member for Plymouth, Moor View (Alison Seabeck), the Opposition spokesman, for her support and for saying that cross-party consensus is very powerful on such key issues.

I reiterate one point. We talk about anti-Semitism, but it can sometimes be a nebulous concept. Those of us who are not Jewish sometimes fail to understand what it feels like. The community has to cope with convoluted attempts to undermine culture food by banning Shechita, and with the anti-Israel boycotts of food, academics and politicians. Those are bad enough individually, but combined they generate a negative atmosphere and a feeling of being not only under attack but under siege—of being demonised, de-legitimised and isolated. That is what anti-Semitism is about, and that of course is what we have to combat.

Finally, I pay tribute to the work of the Community Security Trust. Under the leadership of my good friends Gerald Ronson and Richard Benson, the CST does outstanding work. As the hon. Member for Carshalton and Wallington (Tom Brake) said, in conjunction with the Jewish leadership council it is embarking on an initiative to share that best practice of community protection with other faiths that are equally at threat.

It has been a thoughtful and passionate debate, Ms Clark, and I thank you for your chairmanship. I also thank my colleagues for their contributions.

Question put and agreed to.

5.27 pm

Sitting adjourned.